S. HRG. 98-473

DISASTER RELIEF ACT AMENDMENTS OF 1983

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
REGIONAL AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 1525

A BILL TO AMEND THE DISASTER RELIEF ACT OF 1974, AND FOR OTHER PURPOSES

JULY 21 AND SEPTEMBER 29, 1983

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DISASTER RELIEF ACT AMENDMENTS OF 1983

THURSDAY, JULY 21, 1983

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT,
Washington, D.C.

The subcommittee met at 9:34 a.m., in room SD-406, Dirksen Senate Office Building, Hon. Gordon Humphrey (chairman of the subcommittee) presiding.

Present: Senators Humphrey and Burdick.

OPENING STATEMENT OF GORDON J. HUMPHREY, U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator HUMPHREY. May we have order, please.

This morning the Subcommittee on Regional and Community Development begins consideration of S. 1525, the Disaster Relief Act Amendments of 1983. Senator Stafford and I introduced this bill at the administration's request nearly 1 month ago. Today we welcome officials from the Federal Emergency Management Agency, who will present the administration's views on this legislation. At hearings later this year, the subcommittee will receive testimony from interested non-Federal entities.

S. 1525 closely resembles a bill that Senator Murkowski authored last year as chairman of this subcommittee. The bill was passed unanimously by the Senate. We should also note that this year's bill contains a number of new provisions. Our witnesses this morning are Mr. David McLoughlin, Mr. Joe Winkle, and Mr. Craig Annear, all of the Federal Emergency Management Agency. Mr. McLoughlin is the Deputy Associate Director for State and Local Programs and Support. Mr. Winkle is the Assistant Associate Director, Disaster Assistance Programs. And Mr. Annear is Associate General Counsel of FEMA.

We welcome you, and I would turn now to Senator Burdick if he wishes to make an opening statement.

Senator BURDICK. I have a statement that I will place in the record and I, too, welcome the witnesses and look forward to their testimony with interest.

[Senator Burdick's statement follows:]

OPENING STATEMENT OF HON. QUENTIN BURDICK, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

I would also like to welcome all of you to this morning's hearing on S. 1525. The Disaster Relief Act Amendments of 1983. Few other pieces of legislation affect so many people so immediately at moments of such great need. For that reason we on

this subcommittee have an abiding interest in making sure that this law, and the programs carried out by its authority, function smoothly and respond effectively to the many different crisis situations that arise across our Nation.

The act itself was carefully drafted to allow maximum flexibility to respond to those diverse needs while at the same time clearly spelling out the proper role of the Federal Government in relation to State and local responsibilities.

By now the act has demonstrated, in most cases, its adequacy for a wide range of the most trying circumstances. The Federal Emergency Management Administration has by and large been a model of quick, compassionate response that could serve as a model for the whole of governmental bureaucracy.

However, experience in those same disasters and emergencies, in which the act has functioned so well, has pointed out some areas that may be improved. Also, the Federal Emergency Management Administration has been rigorously pursuing ways to simply expedite the administration of the different aid programs, an effort we applaud.

I look forward to hearing your testimony.

Thank you.

Senator HUMPHREY. Good morning, Mr. McLoughlin. May we have your statement, please.

STATEMENT OF DAVID McLOUGHLIN, DEPUTY ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS AND SUPPORT, FEDERAL EMERGENCY MANAGEMENT AGENCY, ACCOMPANIED BY JOE D. WINKLE, ASSISTANT ASSOCIATE DIRECTOR FOR STATE AND LOCAL PROGRAMS AND SUPPORT, AND CRAIG B. ANNEAR, ASSOCIATE GENERAL COUNSEL

Mr. MCLOUGHLIN. Mr. Chairman, if you have no objection, I would like to submit my full written statement for the record and summarize the chief elements at this point so that we will have more time for questions and discussion.

Clearly, the most important elements of this bill center around, first, revisions of the major disaster and emergency definitions and authorities; and second, a variety of measures to achieve long-range cost savings as well as increased program efficiency. For the past several years, Congress and FEMA mutually have sought more precise delineations of the appropriate limitation to Federal disaster assistance without at the same time prejudicing the delivery of assistance in unforeseen circumstances, where it would be clearly needed.

To that end, clarifications were adopted during the last Congress by this committee and the full Senate in S. 2250. Essentially they involved a more limited focus to the events that triggered a major disaster declaration with an accompanying definition of emergencies that was deliberately more encompassing but with available assistance limited measures necessary to protect property, public health and safety.

While the exact wording of this bill differs from S. 2250 on this point, it retains that fundamental principle. We have also added a provision to the emergency definition which I would like to address in somewhat more detail.

The proposed legislation would also establish a new limited authority within the confines of emergency assistance as outlined above. The administration feels that on very rare occasions emergency situations may arise where the Federal Government has unique responsibilities. In those cases, it would be appropriate that the President be able to authorize emergency assistance directly

without waiting for a Governor's request. For that reason, we propose to establish such authority in section 501(b).

We should emphasize that this authority would concern only the declaration process. It does not change the limitations which apply in all cases to emergency assistance.

In these cases, for practical or political reasons, a Governor should not be expected to request assistance where the Federal Government has primary responsibility for response. Illustrations of the need for this authority are, to a large extent, hypothetical at this time. However, some near emergencies in the recent past may serve to point out the potential need. For instance, the situation involving the Soviet Cosmos satellite posed a unique set of problems. The uncertainty over the potential area of impact made it difficult for any Governor to know whether or not to activate State emergency response plans; further, the international origins of the incident as well as potential problems with radioactivity pointed to a particular responsibility for the Federal rather than the State government.

Fortunately, no emergency materialized from that incident. However, if it had, it may have been potentially awkward to deal with the declaration process, especially if the area involved several States, as almost certainly would have been the case and if more or one Governors were unwilling to submit a request on the grounds that response was the responsibility of the Federal Government.

This proposed new authority would insure that in such a case, the appropriate and legitimate assistance—such as temporary housing—intended to be made available under the general authority of this proposed bill would be activated in a timely manner consistent with the mandate to save lives and protect public health, safety, and property.

Next, the bill offers a number of revisions to the assistance programs available once a declaration has been made. The most important amendment clarifies in the statute the authority of FEMA to require State and local governments to share 25 percent of the costs for permanent restorative work. The act has always required that State and local governments make a substantial contribution to disaster relief efforts in light of the requirement in the act that Federal assistance be supplemental.

We feel that these proposals should set an unambiguous level for those contributions. This could insure significant savings to the Federal Government over the potential cost of 100 percent funding. We estimate this would save approximately $50 million annually, as well as provide for a uniform and equitable administration of programs nationwide.

Some of our amendments involve increased costs in the short term but all have good justification. Principally, I would note the proposal to increase disaster preparedness improvement grants under title II of the act from $25,000 to $50,000 annually. These increased matching funds will go toward maintaining a better response capability at the State level so that the effects of an incident and thus the possible long-term costs to the Federal Government may be significantly less.

Also, we propose to fund specific hazard mitigation projects as a function of public assistance costs at the rate of about 2½ percent

of the permanent restorative work with the Federal share being matched 50:50 by the States. The cost-benefit ratio of projects funded must be such that they clearly will prevent damages in the event of a future disaster. Seen in that light, they are a net savings substantially greater than their initial cost to the Federal Government.

Other changes are being offered in different aspects of different programs of both public and individual assistance. I would be happy to discuss any of these with you in greater detail.

That concludes my statement.

Senator HUMPHREY. I saw somewhere, either in your testimony or elsewhere, I'm not sure, your anticipated amount of disasters next year and this year. Where did I see that.

How do you forecast that?

Mr. MCLOUGHLIN. We certainly have previous experience from which to judge. I'm not sure what specifically you might have reference to. We don't really try to forecast specifically for the following year other than to take our average costs. Our costs have varied all the way from a shade over $100 million up to $1 billion a year as in the year of Mount St. Helens costs. The average has been about $300 million.

As we had last year, we have a reserve for additional funds.

Senator HUMPHREY. Is there a great deal of resistance to reducing Federal participation from 100 percent?

Mr. MCLOUGHLIN. To the 75–25 cost sharing?

Senator HUMPHREY. Yes. That has been in effect as an agency now, for some years apparently; 4 to 5 years.

Mr. MCLOUGHLIN. Yes.

Senator HUMPHREY. Is that now an accepted ratio among the interested parties, or is that still a matter of controversy?

Mr. MCLOUGHLIN. We have applied this on a case-by-case basis, but in all cases, 75–25 in the FEMA contract as a requirement has been employed since May of 1980. I could not argue that all States are fully in support of that, but we have been working with the States over time, and we have been working with the associations that represent most State, county, and local governments. We believe that with some of the adjustments that we are proposing to make in the event of passage of S. 1525 to items eligible for reimbursement that on balance there will be support from the States for the amendment in its entirety.

I mean, not in its entirety specifically, but for 75–25 as a concept, yes.

Senator HUMPHREY. What about the proposal to advance the 25 percent? Has that been done under executive rulings, or is that only a——

Mr. MCLOUGHLIN. The new legislation?

Well, in the new legislation, there are four different areas in which we would provide advances or loans: One is the individual and family grant program; second is for debris clearance; third is temporary housing; and fourth is public assistance permanent restorative work.

Senator HUMPHREY. I am speaking of the 25 percent of the State share.

Mr. McLOUGHLIN. For the permanent restorative work; in that case, the legislation provides for a more stringent set of conditions for the loan than for the other programs.

It would require either a major catastrophic disaster or multiple disasters that would put the community and the State in a very difficult financial position. In that case, in both cases, it's also true that interest would begin to accrue as of the date of the loan itself.

Senator HUMPHREY. So that you have been making advances and loans to cover that 25-percent share as a matter of policy?

Mr. McLOUGHLIN. For the permanent restorative work, we do not. We make advances of the Federal share once the project application is available to us, and we know the cost of this. For the large projects, we will advance up to 90 percent of the money.

For many of the projects, under the small grant process, we do provide for payment to the States based on the Federal estimate.

Senator HUMPHREY. The proposed act makes a distinction between a major disaster and an emergency.

Mr. McLOUGHLIN. Yes.

Senator HUMPHREY. Is there no such distinction today?

Mr. McLOUGHLIN. There is a major disaster declaration and an emergency declaration in the current law, but the problem has been in interpretation of the "other catastrophe" part of that law. Broadly interpreted, that has included things like Love Canal and the Cuban refugee situation which has caused some concern to certain Members of the Congress. Narrowly defined, you could look at other catastrophes principally as natural disasters. The intent of S. 1525 is to provide for clarification in this arena. It would provide and limit the full scope of the assistance available under the act to natural catastrophes, that is, all natural disasters plus floods, fires or explosions from any cause.

Senator HUMPHREY. Right.

Mr. McLOUGHLIN. The emergency area, may I——

Senator HUMPHREY. Yes, please.

Mr. McLOUGHLIN. The emergency area has been changed and broadened somewhat, Senator. There is no longer a listing of specific events that might be covered in this area, but it does recognize that there will be needs for essentially immediate lifesaving and other actions to protect property and provide for the public health and safety and to deal with the damage of the emergency itself, and to provide emergency protective measures, debris clearance, and temporary housing which would be available under the emergency declaration, but not permanent restorative work.

Senator HUMPHREY. I am informed that the legislation last year, while it passed the Senate, was never reported to the House. Can you tell us why that was not reported?

Mr. McLOUGHLIN. No; I cannot.

Mr. ANNEAR. Mr. Chairman, the measure was sent over to the House. There was a hearing held; the measure was ultimately not reported out of the committee, and I don't think we can give you an explanation of that.

Senator HUMPHREY. I am wondering if it was just the press of other work or if there was some significant objection somewhere. Can you enlighten us in that respect?

Mr. ANNEAR. I imagine, just judging from the hearing, that the House Members did have questions about the measure, but beyond that, I honestly don't know why it wasn't reported.

Senator HUMPHREY. In this new version which contains some changes, I understand, from last year's bill, has FEMA or the administration made any effort to address those concerns?

Mr. MCLOUGHLIN. Yes, Senator, we have. We have done several things. As we committed to last year, we have established an eligibility task force made up of not only FEMA regional representatives who have experience in disaster relief, but also State members. We did agree and have drafted regulations that, with the passage of S. 1525, we would propose to institute, making some adjustments.

We have also made a sincere effort this year to meet with the county and the State organizations that are involved in emergency services in order to better explain to them what the full impact of the changes would be. We believe generally that we have their support.

Senator HUMPHREY. We will be hearing from them at a subsequent hearing.

Have any of these groups officially endorsed the bill?

Mr. MCLOUGHLIN. The National Emergency Management Association, we have met with them on this—their legislative people were members of our task group—and we believe their position will be—certainly, we cannot forecast it exactly—that they will support this, possibly with a couple of exceptions.

Senator HUMPHREY. But none of those organizations so far have officially and publicly endorsed the bill?

Mr. MCLOUGHLIN. No; but we are hopeful in their testimony, when you have it in the upcoming future, that they will be supportive of the general provisions of the act, of the bill.

Senator HUMPHREY. I want to come back to the State and local 25 percent share. Section 13 of the bill establishes in the statute the 75–25-percent ratio. Section 12 authorizes loans or advances of the 25 percent State and local share when the State and local governments are unable to provide the share immediately.

Is that something new, or has that been a matter of practice?

Mr. MCLOUGHLIN. Joe, can you speak to that?

Mr. WINKLE. Yes, sir, Mr. Chairman.

First, let me address currently what we can do. Under the individual and family grant program, we have the authority under the current legislation to be able to advance the States a 25-percent share.

The requirement is in the Governor's request for the declaration. We will specifically grant a request stating that if the State does not have the funds available, we will work with them to provide a schedule, as to when the funds would be made available, and repayment would be made.

There is, under the current legislation, under the individual and family grant program, no requirement that interest be applied until such time as the State defaults on what they had promised on their time schedule.

Currently, there has been no provision made to advance the State's share in public assistance for permanent restoration or for debris removal.

As in the proposed legislation, Senate bill 1525, there is the provision for advances under the individual and family grant program as currently provided. However, in the case of the individual family grant program, interest would begin to accrue at the time the advance would be made.

An additional provision would also allow a deferral of the beginning of the repayment of this principal and interest up to a period of 2 years. For advances for the State and local's 25-percent share for public assistance for permanent restoration, it would be only in cases where there were multiple disasters that had occurred within a State or very catastrophic disasters.

For advances for the debris removal and for the State's 25-percent share for development of mobile home parks to accommodate temporary housing, this advance could be made on an expression of need.

In all cases of advances, interest would begin to accrue at the time the advance would be made.

Senator HUMPHREY. Senator Burdick, I have a number of further questions, but I don't want to delay now.

Do you wish to question the witnesses at this point?

Senator BURDICK. Yes.

I know that this legislation is confined to natural catastrophes. I cannot agree with you more, because I was the one that made the big objection about using this for resettling refugees and so forth in Florida, because I thought if we made a departure like that, there is no limit to where you cannot depart. So I am pleased that you have limited this to natural disasters.

I used to be chairman of this subcommittee, and, of course, there have been some changes since that time.

I want to ask you, just to refresh my recollection, is there any small fund like $5,000 or $10,000 to set aside for emergency situations for a family as we had one time in the bill?

Mr. MCLOUGHLIN. There is a one-time family grant for essential needs when assistance is not available from other agencies, Senator, yes, up to a $5,000 grant.

Senator BURDICK. The gentleman here at your right said that some of these benefits would have to be paid for in a loan.

What areas would that be?

Mr. MCLOUGHLIN. Sir, I believe we were talking about an advance essentially in the individual and family grant program. The State operates that program. The law provides for a 75–25 match on that program, and we do, indeed, advance funds to the State paying for their particular 25 percent part of this.

The current law provides that for a particular repayment schedule. The new law provides for interest to accrue at the time the loan or advance is made but that it can be deferred for up to 2 years.

Senator BURDICK. All right. I am a family member in a disaster area. My house is destroyed. Apparently I cannot get credit any place, so I get $5,000 for emergency relief for myself and my family.

What else can I expect? What can I expect by way of a permanent restoration of my home, for example?

Mr. McLOUGHLIN. I am not sure your original condition put a constraint on what I am going to say or not, but the Small Business Administration does, indeed, provide loans for disaster victims, and it may very well be that people would be eligible for a loan from SBA.

If not, we do have the $5,000 grant that would provide the minimum assistance.

Senator BURDICK. We have had that for some years.

Mr. McLOUGHLIN. Yes, yes, and we do provide temporary housing for the disaster victim.

Senator BURDICK. In the old days, it was a year. How long is it this time?

Mr. McLOUGHLIN. The new law makes some changes in that. The current law provides for 1 year rent free. We are proposing that for the participants, that 1 year rent free be eliminated from the legislation and people be required to pay a percentage of their predisaster income that was contributed to shelter costs or 30 percent of their postdisaster income.

In the situation you describe in which the individual may be rather destitute and the income is very low, of course, if it happens to be zero, they would not be charged anything.

Senator BURDICK. There is no blanket, 12-month rent free now?

Mr. McLOUGHLIN. No, that is what we are proposing.

We are also proposing some other changes that would put a limit in the program—the temporary housing program—that would permit us to close that out at the end of about 18 months, and we also would not put people into temporary housing unless it was clear that other adequate housing was not available.

As Joe mentioned earlier, we also are proposing to share the group site development costs, if those are necessary, for mobile homes at 75 to 25 ratio.

Senator BURDICK. And this situation would apply to trailer areas, too?

Mr. McLOUGHLIN. Yes. If we need to bring them into the area. Of course, the first option is to put them on some available location.

The last option would be to develop a group site, and when we develop a group site, we would use the State share in the development of that site.

Senator BURDICK. In other words, in real distress, you will be able to get 5,000 dollars' worth of help. On these other things, you would have to submit an application to an agency as to rents to be paid and so forth.

Mr. McLOUGHLIN. In really destitute cases, yes, sir.

Senator BURDICK. Who would be administrating the program on the ground, FEMA?

Mr. McLOUGHLIN. The individual and family grant program is administered by the State. For the temporary housing program, under the proposed legislation, clear provision is made for the State to administer that with 100 percent Federal financing.

There are about 18 States right now that have expressed an interest in doing this. Of those 18, 15 have actually experienced running the temporary housing program.

Senator BURDICK. When you say 100 percent Federal financing, you mean operating the program that is to be paid to the States?

Mr. MCLOUGHLIN. Yes. If they chose to run it.

Senator BURDICK. Now I will go to another area. What about public buildings? What about bridges? What about things that are destroyed? What do we do for them?

Mr. MCLOUGHLIN. Currently, on a case-by-case basis under current law, which requires Federal assistance be supplemental in nature and a significant State and local contribution be made to the disaster assistance, we are operating on a 75 to 25 basis on a case-by-case basis. The proposed legislation would put that into law.

Senator BURDICK. When did they change that to 100 percent?

Mr. MCLOUGHLIN. The first application of that was at Mount St. Helens, May 1980.

Senator BURDICK. So that would reduce 100 percent of basic costs?

Mr. MCLOUGHLIN. Yes, sir, that is correct.

Senator BURDICK. In other words, except for the $5,000 that might be given to distressed people, more or less, the pattern is 25 percent local, 75 percent Federal?

Mr. MCLOUGHLIN. Yes.

Senator BURDICK. What are the exceptions, if any?

Mr. MCLOUGHLIN. Emergency work, sir. Right now, under the law we are paying 75 to 25 percent on most all of the items with the exception of temporary housing, and under the new bill, we would propose to pay 100 percent of the emergency work, but still 75 percent of the debris clearance and 75 percent of the other programs that you have already identified.

Senator BURDICK. How does the Federal Government recoup that 25-percent advance?

Mr. MCLOUGHLIN. Well, we have had good luck, Senator, generally speaking, with the States. As Joe described earlier, we do, indeed, have a rather formal process in which the loan is made and a payment schedule is established.

If there are problems in meeting that payment schedule, ultimately, we would issue a bill of collection, and interest under the current law would begin to accrue at that time.

In all instances so far, with one exception, the States are on schedule or have paid off the advances. In the one instance, we did go to offsetting their next disaster assistance against that loan, and that permitted us to work out a schedule with the State such that we were able to find a new set of terms, and they are paying on it.

Senator BURDICK. When you raise that question, they listen.

Mr. MCLOUGHLIN. Yes, sir.

Senator BURDICK. What other major differences are there, between now and 1980?

Mr. MCLOUGHLIN. Well, we know about the differences in the definitions between disaster and emergency.

Senator BURDICK. It is natural disaster now for sure.

Mr. MCLOUGHLIN. The major disaster declaration is natural; yes, sir. The emergency definition is somewhat broad based from that point of view, but, obviously, clearly limited to only emergency work, and there is no permanent restorative work in there.

We have already talked about a number of changes in the temporary housing area. There are some changes proposed in hazard mitigation areas. We are suggesting that there are a number of instances in which our ability to reduce the degree of risk to a given community is hampered by not being able to provide for some minimum funds for hazard mitigation processes.

We are able to do some disaster proofing, on a facility, for example, that is destroyed or damaged, and we bring it up to applicable codes or standards and specifications.

But we are proposing a hazard mitigation funding effort in that area—I should say major, about 2½ percent on the permanent restorative work which we would estimate to be something on the order of about $2 million a year to provide for those projects that would clearly have payoff in reducing the downstream cost of disaster assistance.

And I have some examples if you would be interested in those, but that is the intent.

Senator BURDICK. Well, you say that the emergency declaration ought to go broader than the natural disaster definition. That is where I get kind of suspicious.

How much broader?

Mr. MCLOUGHLIN. It addresses emergency needs to save lives and to protect property or public health and safety and to avert or lessen the threat of disaster. There are no specific definitions or types of disasters defined in that part of the legislation.

Senator BURDICK. Does that include housing for illegal immigrants?

Mr. MCLOUGHLIN. You are thinking of the Cuban refugee situation, sir? I know that you were concerned in the past. There is new legislation before the Senate right now that is being considered which would go a long ways toward meeting that kind of issue.

In our work with the Department of Justice right now, based on the concepts in the bill, we would not expect to get into that sort of a situation with S. 1525.

Senator BURDICK. I don't think you can control this if you go beyond natural disasters. I just think there is no limit; it is just a horizon after that; it is just what somebody's judgment is, and that is the thing I objected to before on this committee. I can understand natural disasters, but something else, it would seem to me, is separate, requires separate legislation and separate treatment.

I would hope that you would hold to that as much as possible.

Mr. MCLOUGHLIN. Senator, there is some narrowing of the provisions in the emergency section.

One of the provisions is a $5 million cap on any expenditures in that region. The President would have the option of going beyond that if it was certainly required, but our concerns, Senator, are the number of situations that may be a Federal responsibility, for example, that would require the President to act until a more deliberative solution could be found to that particular instance.

I am thinking of the Federal Teton Dam situation; thinking of situations that——

Senator BURDICK. What kind of situation?

Mr. MCLOUGHLIN. Pardon?

The Teton Dam, which was a Federal dam.

Senator BURDICK. Well, that is close to natural.

Mr. MCLOUGHLIN. Well, close to natural, all right.

All right. I will just live with that.

Senator BURDICK. What about interest?

What would it cost me, a victim in an area, where I have to borrow some money?

Do I get any cost of money adjustment or anything?

Mr. MCLOUGHLIN. Not with our programs.

Joe, go ahead.

Mr. WINKLE. I think probably, Senator, you are referring to the loan program, the disaster loan program that is administered by the Small Business Administration?

Senator BURDICK. Yes; that is one.

Mr. WINKLE. Yes, sir. The interest rates are established in their legislation, and, basically, the rate is tied to whatever the cost of money is at that point in time to the Federal Government.

Senator BURDICK. To just kind of summarize, if the town of Spring Brook, N. Dak., had a tragedy and they lost their bridge, they would fix 75 percent of it with the present provision?

Mr. MCLOUGHLIN. If a disaster had been declared and it was eligible cost, yes, and the Federal aid would come, yes.

Senator BURDICK. So that is one major change. We used to get 100 percent.

Mr. MCLOUGHLIN. We are making some offsetting changes elsewhere, Senator, in the administrative costs and other costs. We had been working, as I said earlier, in our task force, with the State; so that there are some offsetting costs that we had not been covering in the past and that we are proposing to cover those by regulation.

Senator BURDICK. Of course, when a Governor asks for a declaration, he knows what the terms are, doesn't he?

Mr. MCLOUGHLIN. Yes, sir.

Senator BURDICK. What is going to happen when a declaration for a bridge is asked for? The same terms would be voted in, wouldn't they?

Mr. MCLOUGHLIN. Yes.

Senator BURDICK. Thank you, very much. You have been very helpful.

Thank you, Mr. Chairman.

Senator HUMPHREY. We have a vote underway.

Senator BURDICK. Oh, that is right. We have got to go.

Senator HUMPHREY. The Sergeant of Arms would be asked to procure absentee Senators, and then I believe immediately following that, there would be a vote, so there would be some delay in our return, unfortunately.

For my part, I am going to continue until the halfway point and then recess for as long as necessary.

I will be back just as quickly as I can.

Mr. McLoughlin, section 3 redefines the classifications of emergency.

Will you compare the proposed definition with the current definition?

Mr. MCLOUGHLIN. As I said, there has been confusion between the two, and the current definition—let me come from the other

side—the new definition does not specifically identify types of incidents that would be covered.

It merely talks about the need for emergency protective measures and the need to protect lives, and health, and safety of victims of disasters.

Senator HUMPHREY. Does this also include emergencies that arise from nonnatural causes?

Mr. MCLOUGHLIN. Yes, sir, it would.

Senator HUMPHREY. Can you give some examples?

Mr. MCLOUGHLIN. One of the recent, let's see, the last two emergencies that we have had, Joe, have dealt with the delta in California and the Mount St. Helens situation on the Cowlitz and Toutle Rivers and the Spirit Lake situation.

Senator HUMPHREY. Why do you say Mount St. Helens is not a natural disaster?

Mr. MCLOUGHLIN. I am sorry, you are right. Your question was nonnatural disaster. The Louisville situation was a major declared disaster, not an emergency situation, wasn't it?

We have some other potential ones that we believe could occur.

Senator HUMPHREY. Such as?

Mr. MCLOUGHLIN. Well, when I mentioned in the testimony the Cosmos 1402; there are other incidents at major Federal installations. I am thinking of the Aiken, S.C., incident that occurred a couple of weeks ago which was clearly not a disaster situation, but does identify the fact that there are incidents at Federal installations that could, indeed, develop into situations for which the President ought to be taking quick action, and particularly if temporary housing were to be needed, for example.

We have just spent time out in the Nevada Desert on a nuclear weapons accident exercise with FEMA, DOD, DOE, and a number of other agencies, dealing with an incident that could occur there.

We have situations such as at the Federal Teton Dam which clearly are Federal responsibilities if something was to occur there.

We believe the emergency authority would, indeed, permit action until more deliberative decisions had been determined.

Senator HUMPHREY. Permit action to save lives, protect public health and property.

Is there something more to the emergency than that?

Mr. MCLOUGHLIN. I am sorry, saving, sir?

Senator HUMPHREY. Perhaps to save lives, protect public health and property.

Does that rule out economic hardship, for instance; the closing of a major facility or something like that?

Mr. MCLOUGHLIN. Yes, sir. We could not expect it to be economic issues of that kind, but power outages like the New York power outage earlier might be another instance.

Senator HUMPHREY. It clearly has to be something that threatens public health, lives, and property; is that right?

Mr. MCLOUGHLIN. That is correct.

Senator BURDICK. May I pose one more question before I run to the vote?

Senator HUMPHREY. Yes; of course.

Senator BURDICK. What about the cost of the National Guard to maintain order and so forth? Who pays the bill on that?

Mr. McLOUGHLIN. Currently it is not eligible. The new provisions that we would make on the changes in the eligibility costs, the one that we agreed with the task force on, would provide for some coverage in instances in which the National Guard would be used.

Senator BURDICK. Does any of that bill accrue to the States?

Mr. McLOUGHLIN. Yes, sir, some of that bill would accrue to the States.

Senator BURDICK. Twenty-five percent?

Mr. McLOUGHLIN. Yes. That is correct.

Senator BURDICK. Of the National Guard costs?

Mr. McLOUGHLIN. Yes.

Senator BURDICK. That could be a heavy bill.

Mr. McLOUGHLIN. Yes, sir.

Senator BURDICK. We will recess at this point and resume as quickly as possible.

I would estimate that it would be at about 11:30.

[Brief recess.]

Senator HUMPHREY. My apologies for the delay. We will conclude as expeditiously as we can.

We have some concerns, gentlemen, about the language in section 501(b).

We heard about presidentially initiated emergency declarations.

Is this not going to be an invitation to Governors to forbear asking for declarations in the hopes of, indeed, and a way of putting pressure on the President to do so?

Mr. McLOUGHLIN. Mr. Chairman, we don't believe so for this reason: The assistance that is available under an emergency would not change regardless of whether or not it was the Governor who requested it or it was a presidentially initiated activity.

The assistance that is available under that title would be identical and so there would be no reason for the Governor not to because of money considerations.

There are situations in which we believe that the Governor would be reluctant to do it because in the 75-25—I am sorry, the emergency work is 100 percent, and the debris clearance is 75-25, but if it is a Federal installation and a Federal responsibility, we believe he would be reluctant to request a declaration.

Senator HUMPHREY. What is the difference between whether it is requested by a Governor or by the President?

Mr. McLOUGHLIN. Absolutely none. That is the only difference in that measure, in how the assistance is triggered. Our concern, Senator, if I may take just a minute more to try with one or two instances, let me take the Cosmos 1402 and maybe take the Aiken, S.C., situation and described what our concerns were.

If you recall, in Cosmos 1402, there was concern about the fact that that would come down in the United States. We were charged as an agency with bringing all the Federal family together that might have assistance available and developing a plan which is available.

We would be glad to provide that to you and your staff. Fortunately, we did not have to use that.

Our concern was with the fact that the footprint of that satellite could have been across 10 States, and one of the things that would have had to happen that we would have had to respond, been ex-

pected to respond, rather quickly. People may very well have needed temporary housing, for instance, we may have had to move people out of an area if the radioactivity contamination was too strong.

We had no way for providing quick assistance to the States in doing that sort of thing.

Let me move then to Aiken, S.C., a situation which was a Federal facility, a release of radioactive materials, clearly not hazardous in this instance, but if, indeed, it had been hazardous, then we again have the problem of the Federal Government installation and the Federal Government has a primary moral responsibility to respond to that incident.

An emergency declaration permits the President to have an opportunity on a more broad-based range of flexibility to deal with that kind of a situation.

There are other emergency authorities among the Federal agencies, and, clearly, those would be used first if they are appropriate.

The problem is that those are narrowly defined very frequently, and they have to be matched up with what the condition is at that time. Frequently they don't match or they only match a part of what the assistance requirements are.

So what we really are hoping for in this one is to provide for an unusual situation, we really believe it would be rare. I don't want to spend too much time on it because we think that it is going to be a very infrequent occurrence, and we have tried to build in some limitations. Obviously the $5 million cap is clearly a limitation.

Senator HUMPHREY. How does the definition of major disaster in this bill differ from that of last year's bill?

Mr. MCLOUGHLIN. The other catastrophe part of last year's bill—I am sorry, last year's bill?

Senator HUMPHREY. Yes.

Mr. MCLOUGHLIN. Essentially the same; essentially the same. You are talking about S. 2250?

Senator HUMPHREY. Yes.

Mr. ANNEAR. Yes. Senator, on that, we did make a slight adjustment to clarify that the types of catastrophes that would normally be dealt with, which would be natural catastrophes, and that is right up front.

There is express language that fire, flood, and explosions could be declared major disasters without the need to determine precisely what the cause was.

Like Senator Burdick said, the Teton Dam failure looked like a flood, regardless of what the cause was, and we would say that it is better to not have to wait to determine the cause on fire, flood, and explosion.

Otherwise, it is exclusively natural.

Senator HUMPHREY. Regarding section 7, you are eliminating the economic status criterion from the nondiscrimination provision.

Mr. MCLOUGHLIN. Yes.

Senator HUMPHREY. That means that even wealthy people will be entitled to assistance. Why is that?

Mr. MCLOUGHLIN. Sir, the reason for the change is that there appears to us to be an internal inconsistency in the law. On one

hand, there are a series of nondiscrimination provisions of which economic status is one of them.

Later on in the act, then, it says that legal services are for low income. It says that after the first year rent free in temporary housing we will make a provision for financial consideration as part of what would happen after the end of the rent-free period, and so what our position is that we would simply remove that from the overall definition and treat economic considerations, then, as an individual matter, by section.

We are proposing, for example, in the section on temporary housing, that the rent-free part of this would be eliminated and that people would be required to pay a proportion.

Obviously, this is an economic consideration, based on a proportion of their predisaster income that they contributed to shelter or 30 percent of their current income.

Senator HUMPHREY. So you are going to apply an economic means test to the various individual assistance programs; is that what you are saying?

Mr. MCLOUGHLIN. No, sir, we could not. Our intent is not to do that except in those situations where it is defined in the act itself.

In the case of individual and family grants, for example, there is not a means test. If their people are, indeed, eligible for individual and family grants, for necessary medical expenses, or general expenses, or transportation expenses, they, indeed, are eligible and entitled to those the same as anyone else, and that is the way we expect to administer the new law that would provide for that.

Senator HUMPHREY. In section 9, am I correct that the proposal is to make ineligible local governments who have not obtained flood insurance?

Mr. MCLOUGHLIN. That is correct.

Senator HUMPHREY. Why not extend that to the same situation but also including earthquakes and fire as controlling?

Mr. MCLOUGHLIN. We had considered that, Senator, and ultimately down the road, that may be something we may want to come back to the committee and discuss. Right now, we believe, whenever we introduce something of this nature, we are not always sure of the exact impact of each of the activities.

In this case, we have a golden opportunity to try to deal with a uniform administration of this, because we have both disaster relief and the Federal insurance program in FEMA.

Therefore, we are thinking in terms of administering this for the public assistance part of the program, and given that, we are hoping to have some experience with this before making any suggestion about expanding this to other areas.

It is also true that about 80 percent of the disasters are, indeed, floods, so we expect this to cover the largest single type of natural disaster.

Senator HUMPHREY. Section 12, your standard for granting an advance or a loan to a State is much stricter if it is to be used for restoration of public facilities than for debris removal or temporary housing.

Why is that?

Mr. MCLOUGHLIN. It is priority of need, essentially, Senator.

Let me give you a quick summary of what Mr. Winkle gave you earlier.

There are four areas that we give disaster assistance loans in: individual and family grants, debris clearance, temporary housing, and permanent restorative work.

Of these, they are pretty much in the order of priority. Individual and family grants, it is a timely assistance grant; delivery is needed now.

Both debris clearance and temporary housing are large cost programs and are frequently needed in disasters.

Permanent restorative work frequently takes as long as a year and a half, maybe up to 5 years, and so there is opportunity for the community to make arrangements, or for the State, in their normal session, to provide for additional funds. So the first three loans are relatively easy to get, and the last one more difficult.

Senator HUMPHREY. Why are you making changes in the temporary housing program?

Mr. MCLOUGHLIN. Based on our experience, essentially. We believe it is appropriate to ask people to contribute whatever fair share they were contributing to shelter prior to the activity, to do this subsequent to the disaster. We think that is a principle that is appropriate.

We are putting an 18-month termination date on the temporary housing as an opportunity for us to gain closure to that program and have it written into the law so that it is clear to everyone exactly what that is.

With respect to the section that deals with adequate housing, it's clear to us that we do not want to go into temporary housing if other adequate housing is available and we want to make that clear in the law, as well. It seems like a reasonable provision from our standpoint, and in the case of the group sites, we clearly believe that the States ought to participate in that group-site development if, indeed, it is necessary, and they would on a 75–25 basis.

Senator HUMPHREY. Section 15, give us some examples of projects that could be built under the mitigation authority.

Mr. MCLOUGHLIN. Let me make a general comment, and then I will come specifically to the projects, if I might.

Currently, we can deal with some mitigation activity by disaster proofing, let's say on a particular damaged facility or by bringing it up to applicable closure standards. The problem is that there are a lot of other things that could be done that have payoffs that, in effect, are not now eligible—we cannot deal with them because they are not specific damaged facilities, for example.

Let me take some small projects where we have some estimates. Let me give you four or five of those. We could do such things as elevating manhole covers, and we have done this once at $250, and our estimate is that in a 100-year flood, the cost we would save is about $2,000. The economic value to reducing flooding backup into basement facilities, or public facilities, or storage areas, we have done that at about a $1,000 and we expect that to save about $20,000.

We have done things like replacing a concrete pier with a mesh deck, and our estimate is that it cost us $100,000. That is not spe-

cifically mitigation. That is the replacement cost. We expect that in doing that it would save us in the neighborhood of about $400,000.

In some other areas, although we did not pay for this, we have got some estimates on a couple of seawalls that were built, one in Alabama for about $200,000, and the estimate is that it would save in the neighborhood of $1 million in a 100-year flood.

The point that we make is that there are many, many opportunities.

Section 406 of the act, Senator, requires the State to develop a mitigation plan within 6 months. We also, at the time of the disaster, send out a hazard mitigation team from the Federal level, including 12 agencies to provide a report within 15 days of the targets of opportunities that may be there for mitigation. That can be written into the State plan.

We will have to write regulations in this area, but clearly we would need to define this in terms of those projects that can clearly demonstrate a cost savings in the future.

Senator HUMPHREY. Section 17. What has been your experience with repayment of advances to the States?

Mr. MCLOUGHLIN. It has been good. In a word, it has been good.

Senator HUMPHREY. Why are we receiving these changes, then? For instance, the requirement that repayment be started within 2 years with interest?

Mr. MCLOUGHLIN. We are adding interest. The administration's position is, indeed, that it's fair to charge State and local governments the cost of the money to the Federal Government.

Senator HUMPHREY. Right.

Mr. MCLOUGHLIN. And that is the basic change.

Senator HUMPHREY. Is that the 2-year——

Mr. MCLOUGHLIN. The 2-year deferral. Right now, the current law provides for the advance, and we work out a repayment schedule.

Senator HUMPHREY. I see.

Mr. MCLOUGHLIN. What this provides for is interest from the date of the loan but a 2-year deferral period before it would have been paid back.

Senator HUMPHREY. Section 20. You propose to amend the act to authorize appropriations on the basis of such sums as may be necessary. Why should we not continue the way we have been and I assume that we have been appropriating specific amounts from year to year?

Mr. MCLOUGHLIN. I am sorry, Senator.

Senator HUMPHREY. I saw until presently we are appropriating money on a year-by-year basis. Why should we change that to the basis of sums which may be necessary?

Mr. MCLOUGHLIN. We had been doing that on appropriations, 2 years; that is correct. And we have had no authorizations in the last 2 years, Senator. We are proposing that 3 years is a reasonable period.

Senator HUMPHREY. Why has there been no authorization?

Mr. MCLOUGHLIN. No action has been taken by the Congress on that issue.

Mr. ANNEAR. The Senate bill, S. 2250 included a reauthorization as does our proposal this year and, of course, neither has yet been enacted.

Senator HUMPHREY. All right. Have you been making your request for authorization in 1-year increments? Is that the way it presently works?

Mr. MCLOUGHLIN. It has been currently.

Mr. ANNEAR. Traditionally, starting from 1974, I believe that two times there were full—I believe 3-year reauthorizations with such sums as may be necessary. With this bill, we are back to what we think is the traditional and correct reauthorization.

Senator HUMPHREY. With respect to the bill, last year there was language that would have required FEMA to notify the congressional authorizing committee when a disaster or emergency was declared. That is not in this year's bill. Why?

Mr. MCLOUGHLIN. Senator, traditionally, we do notify Congress. The affected Members are notified automatically. That is part of our internal procedure.

Senator HUMPHREY. The affected Members did you say?

Mr. MCLOUGHLIN. The affected Members.

Senator HUMPHREY. Do you mean the members of the State affected or the committee?

Mr. MCLOUGHLIN. The State that is affected by the disaster itself and the committee. I am reminded and the committee.

So that that is an automatic part of our procedure, and we expect to continue to do that, certainly.

Senator HUMPHREY. The already flexible funding in last year's bill, S. 2250, would have set Federal participation in this program at 50 percent. You made small projects ineligible. Those provisions are not included. Why were they deleted?

Mr. MCLOUGHLIN. Our proposal, Senator, is to eliminate the flexible funding provision entirely on the basis of two rationales, really. One, that if a community does, indeed, not have need for that facility, right now we are able to provide them 75 percent to 90 percent of the Federal estimated cost under the current bill. We would propose to eliminate that provision altogether, because if a facility is not necessary for the community to rebuild, we think it is appropriate, then not to provide assistance for that purpose.

In terms of the actual experience with that act, since 1974 we have had 6,000 project applications, and of those, only 90 of them had been for flexible funding for about $20 million. That is roughly 2 percent of the applications, and only 5 percent of the money that is involved, $433 million in permanent, restorative work during that period of time.

Based on that, we think that the much more widely used grant-in-lieu provision, that we have administratively that is in our regulations, is a far more useful tool, and it clearly, on an experiential base, we have found that to be the case for State and local governments. That tool says, in effect, that if the community wishes to make a larger facility or expand in some other way or to move a facility, we will provide what we otherwise would have provided for the damaged facility.

Senator HUMPHREY. All right.

You propose that the crisis counseling programs be administered by the National Institute on Mental Health. Why do you propose to do that, have it administered by that agency?

Mr. McLOUGHLIN. That is in the current law. Last year our proposal was to eliminate that, and the principal reason for that, Senator, was that we wanted the opportunity and the freedom to administer the crisis counseling program conceivably with the State.

Clearly, we need the expertise and advice of NIMH and would continue to seek that. Subsequent to last year's bill, though, we have had continuing discussions with them, and do, indeed, believe that we are able to work out any differences that we might have had.

Senator HUMPHREY. I am concerned that the States, many of the States have agencies that are just as capable of handling crisis counseling as the Institute. Why not have some flexibility in the bill so that those States which choose to administer the program themselves can do so?

Mr. McLOUGHLIN. Senator, that was our position—excuse me.

I am reminded that the States do, indeed, administer the program through NIMH.

The law currently requires us to go through NIMH, and as I said earlier, our intent was, last year, to provide for that additional freedom. Given the fact that we have control and the fact that it does, indeed, go to the States through NIMH, we have no objection to that provision in the current law, in the current bill.

Senator HUMPHREY. Why did you have different language in last year's bill?

Mr. McLOUGHLIN. The bottom line, Senator, is because we had differences with NIMH, and we think we have worked out those differences, and we are prepared to support that provision in the current bill.

Senator HUMPHREY. Thank you, Mr. McLoughlin.

Gentlemen, we will leave the record open for 30 days should the committee choose to submit further questions to you in writing.

Mr. McLOUGHLIN. Senator, may I make one comment in closing?

Senator HUMPHREY. Yes.

Mr. McLOUGHLIN. You asked earlier about support from State and local governments. I have a letter form the legislative person from the National Emergency Management Association, and there is a statement that does support the 75-25 from that position. They do have a couple of considerations that, in their testimony to you, I'm sure they will provide. They include the 25 percent—the interest rate on the IFG program, the individual and family grant program, and it includes the phrase that deals with that "The State shall provide a substantial portion of the contribution."

They will be able to express their opinion much more clearly, but their position, as I understand it is that the States ought to have the opportunity to define that from their standpoint.

Senator HUMPHREY. All right, very well. Thank you.

The subcommittee stands adjourned.

[Whereupon, at 12:30 p.m. the hearing of the subcommittee was adjourned, subject to the call of the Chair.]

[Mr. McLoughlin's prepared statement, responses to written questions, and the bill S. 1525 follow:]

STATEMENT BY DAVE MCLOUGHLIN

DEPUTY ASSOCIATE DIRECTOR

STATE AND LOCAL PROGRAMS AND SUPPORT

FEDERAL EMERGENCY MANAGEMENT AGENCY

BEFORE THE

SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

JULY 21, 1983

Mr. Chairman, Members of the Committee:

I am pleased to appear before you today and to have this opportunity to discuss with you S.1525, "Disaster Relief Act Amendments of 1983". I am here to express the views of the Federal Emergency Management Agency (FEMA) where I am the Deputy Associate Director for State and Local Programs and Support, the organizational unit of FEMA responsible for the management and policy direction for Federal disaster relief authorized by the Disaster Relief Act of 1974.

At the outset, let me indicate for the record that we feel the Act continues to be a fundamentally sound vehicle for administering appropriate Federal relief. The experience of the past nine years shows the value of the fine work done by the members of this Committee in drafting legislation that provides maximum flexibility and reasonable limits. We offer these amendments as a way to perfect further the basic dynamics of the Act in those areas where our work in the field and our discussions within the Administration and with members of Congress has shown the need for clarification or improvement.

FEMA submitted these amendments to the President of the Senate on June 10, and Senator Stafford introduced the measure for himself and you, Mr. Chairman, on June 23. The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the presentation of this legislative proposal, and that its adoption would be in accord with the program of the President.

With your permission, I would like now to discuss what I feel are the most important features of S. 1525.

DISASTER DEFINITIONS AND EMERGENCY AUTHORITIES

An important element of this legislation, and of the discussions that have gone on between this Committee and FEMA over the past several years, is the basic question of what constitutes a disaster, and when assistance under this Act is appropriate.

The Presidential declaration for the Cuban influx emergency, and to a lesser extent, the Love Canal emergencies caused considerable concern on the part of many members of Congress about the correct interpretation of the Act and its applicability to non-natural catastrophes. We understand that some members of Congress object to the use of disaster assistance authorities to respond to non-natural events. To respond to those concerns, the bill contains two significant changes to the Act. First, there is a revised definition of "major disaster" that more clearly identifies those incidents that qualify for a major-disaster declaration. Secondly, there is a new definition and new title setting forth what constitutes an "emergency" and what assistance is to be available in such circumstances.

The key element of the new major disaster definition states that a major disaster means any natural catastrophe (followed by a list of typical ones) and additionally, "any fire, flood or explosion regardless of cause."

Past discussions with Congress and FEMA have produced a consensus that fires, floods or explosions of sufficient magnitude to produce disaster conditions should trigger disaster assistance under this Act without having to establish at the outset whether or not the cause of the incident was purely natural. If evidence should show that there was a cause other than an "Act of God", the Federal Government could seek to recover funds expended from the responsible party or parties, pursuant to Section 11 of the bill.

The corollary to this more limited major disaster definition is the new language we propose concerning emergencies. In many circumstances, relating to both natural and non-natural events, it may not be appropriate to trigger the broad set of natural disaster response authorities contained in Title IV, and yet at the same time there may be a clear need to provide some supplemental Federal assistance in a State that faces a situation beyond the capabilities of the State, affected local governments, private organizations, and individuals. In order to provide such an adequate and appropriate Federal response authority within this Act, Title V has been proposed to provide coordinated supplemental assistance for the purposes of saving lives, and protecting property, public health and safety for a broad range of incidents.

An emergency would be redefined to mean "any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities

to save lives and to protect property, public health and safety or to lessen or avert the threat of a catastrophe in any part of the United States." A declaration of "emergency" would be made by the President typically at the request of the Governor. The Governor's request would have to be supported by information similar to information currently required for "major disaster" requests.

Following a declaration, the President, and by delegation FEMA, could use the authorities of the new Title V to ensure the coordinated provision of emergency assistance. However, such assistance could be provided only in accordance with strict limitations. FEMA could use the authorities of Section 502 and 503 to direct Federal agencies to provide technical assistance and advisory personnel to assist States in providing essential services. FEMA would coordinate the emergency response activities of all Federal agencies and voluntary relief organizations involved. In the event that the assistance provided above were insufficient to adequately supplement the efforts and resources of State and local governments, the President, and by delegation FEMA, could provide emergency assistance, but not assistance for permanent restorative work. However, no funds appropriated to carry out the Act could be expended on such emergency assistance where other Federal assistance is available and adequate. If such alternative assistance were inadequate, FEMA funding for emergency assistance would still be limited to $5 million per "emergency" under Section 504(b), except in accordance with Subsection 504(c),

which would provide the President could determine that additional emergency assistance were required and could approve continuation of that assistance.

PRESIDENTIALLY INITIATED EMERGENCY DECLARATION

The proposed legislation would also establish a new limited authority within the confines of emergency assistance as outlined above. FEMA feels that on very rare occasions emergency situations may arise where the Federal Government has unique responsibilities. In those cases it would be appropriate that the President be able to authorize emergency assistance directly without waiting for a governor's request. For that reason, we propose to establish such authority in Section 501(b).

We should emphasize that this authority would concern only the declaration process. It does not change the limitations which apply in all cases to emergency assistance.

In these cases, for practical or political reasons, a governor should not be expected to request assistance where the Federal Government has primary responsibility for response. Illustrations of the need for this authority are to a large extent hypothetical at this time. However, some near emergencies of the recent past may serve to point out the need. For instance, the situation involving the Soviet COSMOS satellite posed a unique set of problems. The uncertainty over the area of potential impact made

it difficult for any governor to know whether or not to activate State emergency response plans. Further, the international origins of the incident, as well as the potential problems with radioactivity, pointed to a particular responsibility for the Federal rather than the State government. Fortunately no emergency materialized from that incident. However, if it had, it might have been potentially awkward to deal with the declaration request process, especially if the area involved several States (as almost certainly would have been the case) and if one or more governors were unwilling to submit a request on the grounds that the situation was the responsibility of the Federal Government.

This proposed new authority would insure that in such a case the appropriate and legitimate assistance (such as temporary housing) intended to be made available on the basis of the general emergency authorities of this proposed bill would be activated in a timely manner consistent with the mandate to save lives and to protect public health and safety and to protect property.

FEMA strongly supports the enactment of all of these changes relating to emergencies. They provide the President with the authority to respond to natural and non-natural civil emergencies where supplemental emergency assistance is required or where assistance is needed to lessen or avert the threat of a catastrophe. This authority would essentially permit the Federal Government to provide the most needed life-saving and property-protecting assistance in a broad range of incidents. The President

could then, in a more deliberate manner, determine whether to provide continuing assistance, and if so, identify the proper authority or authorities under which to provide it. For unusual types of civil emergencies for which adequate response authorities do not now exist, the President and Congress, as a result of enactment of the new Title V would have more time to design and enact legislation specifically tailored to the problem. While the new definition of "emergency" would broaden the range of incidents for which assistance could be provided, the limitations set out in Section 504 would ensure the judicious exercise of these authorities.

The combined effect of the changes to the definitions of "major disaster" and "emergency" would be to establish separate statutory authorities for dealing with two distinct types of situations. The amended Title IV would authorize a range of authorities for the Federal Government to provide assistance as a result of a "major disaster" to supplement the efforts and resources of State and local governments in relieving damage, hardship and suffering following natural catastrophes (as well as floods, fires and explosions, regardless of cause). Title III would contain administrative provisions which would apply to both major disasters and emergencies. The new Title V would authorize the Federal Government to provide limited assistance to cope with a broader range of emergencies. We support this restructuring of the Act. FEMA is supportive of the Congressional initiative

to insure that major disaster authorities are applied primarily to natural events with the understanding that the revised definition of "emergency" and the new Title V be enacted simultaneously.

I would like now to comment on disaster public assistance. By this I mean the assistance, usually financial, provided by FEMA to State and local governments and certain private nonprofit organizations. The three major components of public assistance are: (1) emergency work to save lives and protect property, public health and safety; (2) debris removal; and (3) the permanent restoration of public and certain private non-profit facilities damaged or destroyed by a major disaster.

75/25 COST-SHARING

Section 13 of the bill incorporates FEMA's single most important legislative initiative, the requirement that State and local governments share the cost of permanent restorative work and debris removal at the rate of 75% Federal, 25% State and local. FEMA has been requiring, through individual FEMA-State Agreements drawn up pursuant to Presidential declarations, that this sharing of costs be an element of the assistance to be provided. FEMA proposes to establish this cost-sharing explicitly in the statute to insure the supplemental nature of Federal aid under the Act's public assistance authorities.

The existing legislation requires a governor, as a condition of assistance under the Act, to certify that the total obligations and expenditures of both State and local governments for a major disaster constitute a reasonable commitment. This commitment has always been difficult to ascertain. Requiring 75%-25% cost-sharing by statute would assure that a reasonable commitment would be made by State and local governments with regard to public assistance. With grantees cost-sharing in permanent restorative work, we anticipate that they will exercise tighter financial controls over planning and construction and other ways of reducing long-term costs related to disaster projects. We also anticipate that State and local governments will be more prudent in their assessments of needs for debris removal and permanent restorative work.

Savings due to 75%-25% cost-sharing for public assistance are estimated at an average of $50 million per annum compared to what the costs would be for 100% Federal funding. We have incorporated these savings into the Administration's budget for FY 1984. It should also be noted in that context that the figure of $50 million represents an estimate of average savings. In any given year that total may actually be less or considerably greater. However, an examination of the levels of disaster activity over the past seven years would support the $50 million average overall. We strongly support the enactment of this feature of the bill.

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SMALL PROJECT GRANTS

A second important legislative initiative relating to public assistance expands the current Section 419, pertaining to small project grant authority. We believe that this section provides a tested and time-saving method of reducing the burden of administrative costs and delays for small projects. The section currently permits FEMA to make full grant payments when the total project application is less than $25,000 based on the estimated cost of repairing disaster damage to public facilities. Except on a spot-check basis, or upon receipt of evidence of gross errors or fraud, there is no requirement to perform detailed audits or final inspections of the work completed. The success of the existing small project grant mechanism led FEMA to propose that the current limitation on the applicability of Section 419 to the cumulative estimated costs of all projects belonging to a particular applicant be changed to a limitation for each individual project. Based on our most recent computer analysis, we anticipate that approximately 90% of all projects, equalling only 10% of total funds, could be included under the new small project grant mechanism as a result of this change. The proposed change would gain the advantages of management by exception with greatly reduced administrative costs and delays.

Section 13 incorporates the essence of FEMA's proposal in a very simple way. Contributions for permanent restorative work would be limited to 75% of the net eligible costs, or for small projects 75% of the Federal estimate of the net eligible cost of repairs or restoration. This permits FEMA to make a grant for small projects based on the estimate, rather than having to resort to inspections and audits to determine the actual costs of restoration. The change would permit FEMA to establish, by regulation, the ceiling amount for projects to which this expedited procedure may be applied. We anticipate that the ceiling would be established initially at $25,000 per project. The section, as we proposed, also deletes any provision for expending the small project grants on anything but the restoring or replacing of the damaged or destroyed public facility on which the grant was based. Section 13(c) makes provision for the same project grant mechanism for debris removal assistance and similar provisions are made for emergency work by Section 12 for a major disaster and, for a declaration of emergency, by Section 4.

HAZARD MITIGATION

As another facet of disaster assistance, FEMA has always maintained that there is great value in examining measures that may assist a disaster stricken area to improve the characteristics of its infrastructure to prevent further damages in future disasters. The principle of hazard mitigation has proven its effectiveness with time. FEMA believes that hazard mitigation could be even

more effective and produce highly significant cost-savings if it were to be practiced on a wider basis. To that end, the Administration has proposed strengthening hazard mitigation efforts by authorizing specific post-disaster hazard mitigation funding authority. Such funding would result in a long-term savings to the Federal Government as well as to State and local governments. Without the necessary funding, important hazard mitigation measures may not be taken, and the Federal Government may have to exercise the "no action" alternative to deny grant funding for repetitive losses to the same facilities. A practical approach would be to identify the most important and potentially cost-effective hazard mitigation projects through the planning process which exists under current Section 406. Such projects would not necessarily have to be specifically related to particular damaged facilities, but rather be significant in reducing the threat of future damage and hardship for the entire disaster area or for a significant facility in that area. There would be a limitation on the total amount of Federal disaster assistance funds to be expended on such projects: we recommend a ceiling of 2.5% of the estimated FEMA public assistance costs for permanent restorative assistance for the particular disaster with Federal expenditures to be matched on a 50-50 basis by the State and local governments.

DISASTER PREPAREDNESS IMPROVEMENT GRANTS

Further evidence of this commitment to hazard mitigation may be seen in the proposal to increase the amount of preparedness

improvement grants, and to put greater weight behind flood insurance for public assistance programs.

The increase in the improvement grants from the current $25,000 to $50,000 is necessary to keep pace with the effect of inflation since the original provision was authorized. Our experience with this program has proven the value of these funds, and the increased cost to the Federal Government will be well worth the price in terms of increased preparedness on the State level.

The funds serve a broad range of preparedness functions, depending upon the particular needs of each State. While not all of the examples I might mention would be found in each State, the following list gives a representative selection of the good uses to which this money goes:

- Preparation, revision and updating of State Emergency Plans.
- Handbooks for local officials.
- Preparation and updating of vulnerability analysis.
- Improvements to administrative guidelines for the IFG program and Temporary Housing programs.
- Tests of warning and communications systems.
- Review of county preparedness plans, and the provision of technical assistance to local planners.
- Development of plans and guidelines for pre-disaster hazard evaluations and mitigation planning.
- Conducting training workshops for local public officials.

FLOOD INSURANCE

Section 9 would restrict public assistance grants under new Section 405 of the Act where reasonable and adequate flood insurance, had it been obtained, could have compensated for disaster damage. The purpose of this change would be to encourage States, local governments and eligible private nonprofit organizations to exercise prudent judgment in obtaining flood insurance. The denial of assistance would relate only to damage of property which can be insured under the National Flood Insurance program, and which is located in a special flood hazard area. In effect this means the elimination of the so-called "first bite free" for permanent restorative work.

FLEXIBLE FUNDING

Another change to the current statute that should be noted here is FEMA's proposal to eliminate the current flexible funding provisions of existing Section 402(f). We oppose the retention of this authority because we believe that if a particular facility need not be repaired or rebuilt, the Federal Government should not be providing any grant funds. The flexible funding feature stands at odds with one of the central goals of the disaster relief legislation, namely, to help put a community back on its feet by restoring its pre-disaster public facilities. If certain facilities need not be restored to provide essential public services, then Federal disaster funds should not be used.

TEMPORARY HOUSING

S.1525 would also make a number of changes in those elements of the program that provide assistance to individuals and families. Among the most significant changes are those related to the disaster temporary housing program. These include the elimination of the automatic one-year rent-free period for providing temporary housing. In addition, temporary housing would only be provided when adequate alternate housing is unavailable; this determination concerning the availability of alternate housing considers the financial means of the applicant following the disaster. The Federal Government would pay eligible temporary housing applicants only that amount over and above their pre-disaster housing costs, which was made necessary by the expenses for temporary housing. Anticipated savings with this legislative change are conservatively estimated at $1 million per annum. The legislative change would also provide for State and local government administration of the temporary housing program when the capability exists, and normally would limit Federal financial and operational responsibility for the temporary housing program to 18 months from the date of the declaration.

The bill also proposes to set up a a 75% Federal/25% State sharing of costs on the development of group sites for mobile homes. Current law requires the States to cover all these costs. However, States typically have claimed inability to cover the costs of developing these sites. As a result, FEMA has been required to grant waivers, placing the majority of these costs on the Federal Government. This amendment sets up a more realistic means of assuring the prompt and efficient administration of this element of the temporary housing program, as well as assuring that the States actually participate in some of the costs, and that Federal assistance be supplemental.

IFG ADMINISTRATIVE COSTS

A further program improvement concerns the Individual and Family Grant (IFG) program. Experience has shown that the current 3% limitation on funds available to reimburse States for their administrative expenses rarely covers their actual costs for administration of this program. In order to make sure that the IFG assistance is delivered on a timely basis, and adequately supported, we have proposed a measure which would authorize increased reimbursement for allowable administrative expenses, according to the formula contained in proposed Section 18. This amendment provides that the Federal Government may reimburse States up to 50% of their allowable administrative expenses

exceeding the 3% now paid. To receive the additional funds, they must complete the program within the period specified. We anticipate that this provision will prevent many of the delays that have occurred from time to time in the delivery of this assistance by the States.

DISASTER UNEMPLOYMENT ASSISTANCE

The bill would also revise the administration of Disaster Unemployment Assistance programs. It would limit payments to those individuals who are not otherwise eligible under regular unemployment assistance programs. In addition, the benefits will now be limited to 26 weeks, and there will be no payments for the "waiting week". These changes will make Disaster Unemployment Assistance consistent with regular unemployment compensation programs. The proposed bill thus would result in further savings in this program, and would also insure that Disaster Unemployment Assistance does not add to the benefits, either in amount or kind, available through unemployment insurance.

RECOVERY OF FUNDS

In a provision which would affect both public and individual assistance, Section 11 of the bill would also provide the Attorney General with the authority to bring suit to recover disaster relief expenditures from parties that caused major disasters or emergencies or contributed to the effects of such catastrophes.

The proposed language would clarify the authority of the United States to institute such actions. We have also proposed changes that would strengthen measures to prevent any duplication of benefits, and to insure the recovery of any benefits in the event a duplication should occur.

The bill also proposes to make a number of other changes in certain aspects of the administration of the disaster assistance programs. The explanation and justification for these minor and technical changes is provided in our supporting documentation.

Finally we note that you have introduced legislation, S.1293, that would provide a one-year reauthorization of this Act with a zero dollar appropriation, reflecting the current available balance in the President's Disaster Fund. In this proposed legislation we recommend a three-year authorization period with provision for "such sums as may be necessary." This has been done to reflect what we hope to be the long-range change to the program achieved by these proposals such that a more normal three-year authorization period may be in order. Also, the provision for such sums as may be necessary reflects the changing reality of disaster relief programs, and the certain prospect that additional appropriations will be necessary in the forthcoming years. On average, FEMA currently is projecting a yearly expenditure from the President's Disaster Relief Fund of approximately $325 million.

This concludes my statement. I would be happy to answer any questions you may have.

Federal Emergency Management Agency
Washington, D.C. 20472

SEP 8 1983

Honorable Gordon J. Humphrey, Chairman
Subcommittee on Regional and Community Development
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed you will find replies to the series of questions that you included in your letter to me of August 5, 1983. I hope that they address your interest in these important matters to your satisfaction.

If there are further questions, or matters on which I may be of assistance, during the consideration of this legislation by the Committee, please let me know, and I will be happy to assist in any way possible.

Sincerely,

Dave McLoughlin
Deputy Associate Director
State and Local Programs
and Support

Enclosures

SECTION 6

1. WHAT IS YOUR ESTIMATE OF THE ADDITIONAL FEDERAL COST OF INCREASING THE MATCHING GRANT FROM $25,000 TO $50,000?

The increase in the grant could double the current expenditures for this function from $1,475,000 to a maximum of $2,950,000.

SECTION 6

2. WHAT IS YOUR RATIONALE FOR RECOMMENDING THIS CHANGE?

Our experience with this program has proven the value of these funds, and the increased cost to the Federal Government will be well worth the price in terms of increased preparedness on the State level. The increase in the improvement grants from the current $25,000 to $50,000 is necessary to keep pace with the effect of inflation since the original provision was authorized.

SECTION 6

3. DO YOU BELIEVE IT WOULD ULTIMATELY REDUCE FEDERAL EXPENDITURES? THAT IS, WOULD IMPROVED PREPAREDNESS LEAD TO FEWER LOSSES AND THUS FEWER POST-DISASTER EXPENDITURES?

We certainly believe that this will become more increasingly true as State capabilities expand. This expectation has been the fundamental underlying principle of this program since its inception. Our experience with the program has justified those expectations.

SECTION 6

4. WOULD THIS EXPENDITURE ENABLE THE STATES TO TAKE MORE RESPONSIBILITY IN THE DISASTER RELIEF EFFORT?

FEMA and its predecessor agencies have always given great importance to the basic tenet of the Act that Federal assistance be supplemental. For that reason, programs such as this have always been viewed as a means to enhance those capabilities.

During the last several years, for example, FEMA has been encouraging States to administer the temporary housing program. Some States have done so successfully. However, the overall readiness of States nationwide to take on this task, especially in a large scale disaster, remains marginal. Through the Preparedness Grant program, FEMA is supporting the States in their efforts to become more able to administer those essential housing components of disaster relief.

SECTION 6

5. WILL THE STATES IMPROVE THEIR PLANS WITHOUT THIS ADDITIONAL MATCH BY THE FEDERAL GOVERNMENT?

While it is hoped that the States would seek to maintain adequate preparedness programs at current grant levels, realistically the improvements in the areas of hazard mitigation and temporary housing capabilities above and beyond current status that FEMA believes to be both desirable and effective could proceed at a far slower pace without the increase, and the benefits that may be expected would be potentially less without the additional support.

SECTION 6

6. IS THERE A NEED TO REQUIRE STATES TO PAY GREATER ATTENTION TO HAZARD MITIGATION AS REQUIRED IN THIS BILL?

While in most cases States have demonstrated appreciation for the effectiveness of disaster proofing and hazard mitigation concepts, FEMA feels that having a requirement in law that hazard mitigation plans be developed strengthens the importance of this key element of Federal disaster relief programs and policies.

SECTION 6

7. LAST YEAR'S BILL, S2250, REQUIRED A SEPARATE APPROPRIATION FOR TITLE II (TWO) OF THE ACT. THIS HAS BEEN ELIMINATED IN S.1525. WHY?

As passed by the Senate last year, S.2250 had a separate authorization for appropriations for Title II, designated Section 203. While we do not object to the oversight function of this Subcommittee which might have been enhanced with the addition of this section in S.2250, we believe that it is no longer necessary for two reasons. First, the authorities of Title II were to have been vested in the Director of FEMA in S.2250, while most of the other authorities in the Act were vested in the President. S.1525 places all authorities in the name of the President. Since Section 606 already authorizes appropriations under the Act to the President, Section 203 would have been redundant. Second, Section 203 as proposed last year would have been for "such sums as may be necessary". This general authorization for appropriations was therefore easily incorporated into the broader provision of Section 606.

SECTION 11

1. SECTION 11 WOULD AMEND PROVISIONS IN LAW CRIMINAL AND CIVIL PENALTIES. HOW WOULD IT MODIFY CURRENT LAW?

New Section 318 expands on the current provision of the Act dealing with fraud in connection with disaster programs, misapplication of funds, and violation of regulations. It would also add new authority for the Attorney General to bring a civil action against any party which has violated or is about to violate the Act and provides for the referral to the Attorney General of evidence suggesting criminal prosecution.

SECTION 11

2. THIS SECTION WOULD ALSO EXPAND PROVISIONS ON AUDITS AND INVESTIGATIONS. HOW WOULD EXISTING LAW IN THIS AREA BE CHANGED?

New Section 317 would give the President express authority, for the first time in the disater legislation, to audit and investigate, to require audits by State and local governments and to examine financial records of any person or entity relating to disaster assistance.

SECTION 13

1. WHAT ARE THE ESTIMATED ANNUAL FEDERAL SAVINGS OF THE 25 PERCENT COST SHARE FOR PERMANENT RESTORATIVE WORK AND DEBRIS REMOVAL?

Our computer records for all major disasters and emergencies under 75/25 cost sharing since May, 1980, indicate that $255,140,000 has been obligated and approved for public assistance. The 25% non-Federal share would be $85,046,000. The actual expenditures would be somewhat lower than the obligations, but this may be offset in Federal savings by the tendency for eligible State and local grantees to be more frugal in performing otherwise eligible work when they are contributing a substantial amount of the overall costs.

We estimate that on an annual basis this will ultimately average about $50 million in savings compared to what the costs would be for 100% Federal funding.

SECTION 13

2. WHEN STATE AND LOCAL GOVERNMENTS HAVE TO SHARE THE COST, HAVE YOU FOUND THAT THEY MAKE FEWER DEMANDS ABOUT WHAT IS REQUIRED TO BE DONE?

Our observations to date indicate that State/county authorities tend to be more prudent or frugal in both the State requests for declarations and in using grant assistance when they have to share 25% of costs. We are not aware of any request for grant assistance in which an applicant was denied necessary Federal funding due to inability to satisfy the 25% non-Federal share.

SECTION 13

3. WOULD THIS COST SHARE FORMULA HELP TO ASCERTAIN WHAT IS A REASONABLE COMMITMENT OF STATE AND LOCAL RESOURCES AS REQUIRED BY THE STATUTE?

One of the primary reasons that FEMA has pursued this policy of cost-sharing was to arrive at an equitable method of insuring that there is a reasonable commitment of State and local government resources to disaster relief efforts. Our experience has demonstrated that this 75/25 cost sharing approach does work and we believe that it does represent an effective means to achieve the principles set forth in the Act.

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SECTION 13

4. HOW DO YOU DETERMINE "NET ELIGIBLE COSTS"?

The Disaster Relief Act of 1974 (PL 93-288) prescribes that FEMA may make grants to State and local governments and certain private nonprofit organizations for emergency work to save lives and protect property and public health and safety and for permanent repair and restoration of public and private nonprofit facilities. The law provides that grants will fund restoration to pre-disaster capacity in accordance with current codes, standards and specifications. Details of what work is eligible and what costs of that work are eligible are prescribed in Disaster Assistance Regulations (44 CFR Part 205) and FEMA handbooks, particularly the Eligibility Handbook, DR&R-2. Estimates of eligible repair costs are made at the site of damages by Federal and State inspectors. The estimates are reviewed prior to grant approval by FEMA and State program officers at the Disaster Field Office for eligibility of the grantee, scope of work and eligible costs.

A grant is then approved which is 75% of the estimated cost of repairs or replacement. Small project grants, under $25,000, are paid in full when approved on the basis of that estimate. Larger grants are paid upon completion of all work on the basis of actual costs of performing the work as verified by final inspections and audit.

SECTION 13

5. HAS ANY PROGRESS BEEN MADE IN RESOLVING THE CONTROVERSY OVER ELIGIBLE COSTS WHICH THE STATES ARE SO CONCERNED ABOUT?

In 1982 Lee Thomas, then Associate Director for State and Local Programs and Support, agreed at a NEMA conference that FEMA would review the criteria for determining the eligibility of costs for public assistance work. A FEMA task force was established during May of that year with regional and national office representatives. Selected NEMA representatives were invited to attend a session of that task force in June 1982. Recommendations for changes in cost eligibility criteria were developed from that session. The recommendations were distributed by FEMA Disaster Programs personnel from all regions at an annual conference in November 1982. The recommendations were then discussed during November by Lee Thomas with the House Committee on Public Works and Transportation.

A draft of proposed changes to the cost eligibility regulations has been prepared and is currently being reviewed internally within FEMA. We expect that it will be published as a proposed rule in the near future.

SECTION 14

1. DO STATES HAVE THE CAPABILITY TO ASSUME THE RESPONSIBILITY FOR ADMINISTERING TEMPORARY HOUSING? HOW MANY HAVE THIS CAPABILITY? WHAT STATES HAVE ASSUMED RESPONSIBILITY FOR ADMINISTERING THIS PROGRAM?

The present capability of States to assume the administration of temporary housing programs is not extensive. Most of the States have indicated that they would be willing to undertake a small program but would be unable to handle a sizeable disaster. We hope, for example, with increased funding for Preparedness Grants, to help the States achieve a greater capability in this regard.

There are 18 States who have expressed an interest in administering the Temporary Housing Assistance program under the new regulations. They are:

Arizona	New Hampshire
Arkansas	New Jersey
Connecticut	New York
Georgia	Pennsylvania
Kentucky	Puerto Rico
Louisiana	Rhode Island
Maryland	Virgin Islands
Massachusetts	Virginia
Missouri	West Virginia

Of these States, 15 have previously administered temporary housing Programs.

SECTION 15

1. ON AVERAGE, WHAT WOULD BE THE SIZE AND COST OF MITIGATION PROJECT UNDER SECTION 15?

As a general rule we envision that these would be disaster proofing measures similar to those that have proven their worth already in the context of permanent restoration.

In many cases, very simple, low cost measures can produce large savings. The installation of one way valves in drains can in many cases prevent the back-up of water into basements and storage areas. Elevating manhole covers in certain low-lying areas may have similar benefits.

Any project approved under this authority, be it small or of relatively more substantial dimensions, would have to demonstrate the potential for significant cost savings in the future. As part of the planning process, the States in their hazard mitigation plans, would be expected to identify and set priorities on such projects. FEMA would of course review those priorities and determine the appropriateness of funding given projects, according to regulations that will be established in the event these provisions become law.

SECTION 15

2. WHAT WOULD BE THE TOTAL COST PER YEAR OF THIS PROGRAM?

The amounts would of course vary as a function of the intensity and nature of disaster activity. Based on our financial records, in FY 1979, 2.5% of permanent restoration costs would have amounted to about $4.5 million, in FY 1980, $3.3 million, and in FY 1981 about $.8 million.

For the purposes of our long range, multi-year planning, we are estimating an average level of disaster activity that would result in about $2 million annually for this function.

SECTION 17

1. WHAT IS THE RECORD OF REPAYMENT OF ADVANCES UNDER CURRENT LAW?
2. ON AVERAGE, HOW QUICKLY ARE SUCH ADVANCES REPAYED?

When a Governor requests an advance of the State share for the IFG program, he is required to certify that the State is unable immediately to pay its 25% share, that the advance will be repaid, and to provide a date for repayment. This permits the Governor to propose to the legislature the necessary legislation to repay the advance at its next normal session. If for some reason the Governor is unable to repay the advance at the agreed upon date, a Bill for Collection is issued and interest on the debt starts to accrue. As a last resort FEMA has, by regulation, the authority to offset the debt against other funds due the State or its subdivisions for disaster purposes. Since the inception of the program in 1973 (the IFG program was implemented retroactively), States have repaid their advances, or established mutually agreed upon schedules for repayment, in all but one instance. In that instance FEMA commenced offsetting and recovered a portion of the funds. After further negotiation with the State an agreed upon schedule for repayment was established, and funds are now being collected.

SECTION 17

3. IN WHAT PROPORTION OF DISASTERS DO STATES REQUEST AN ADVANCE INSTEAD OF USING THEIR OWN RESOURCES?

Forty-seven States have implemented 220 Individual and Family Grant (IFG) programs. In 116 of the 220 programs, States have requested an advance of the State share or 53% of the time that programs have been implemented.

SECTION 18

1. IF SECTION 18 -- DEALING WITH ADMINISTRATIVE EXPENSES OF THE FAMILY GRANT PROGRAM -- WERE ENACTED, WHAT WOULD IT COST?

Based on an analysis of 16 IFG programs that were closed out during 1982, States are being reimbursed for 15% of their actual administrative costs. Assuming that States had completed those programs within the established time frames, and assuming that FEMA reimbursed them for 50% of those costs which exceeded the 3% allowed by the Act, States would have been reimbursed for approximately 55% of their actual administrative costs. In the 16 IFG programs which were analyzed, FEMA reimbursed approximately $271,000 for administrative costs. If the revision to the Act had been in effect that cost would would have amounted to approximately $1,050,000. Based on this analysis and projecting it for the average number of IFG programs annually, it is estimated that Section 18 (IFG administrative expenses) will cost aproximately $1,000,000 annually to implement.

II

98TH CONGRESS
1ST SESSION

S. 1525

To amend the Disaster Relief Act of 1974, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, JUNE 20), 1983

Mr. STAFFORD (for himself and Mr. HUMPHREY) (by request) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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A BILL

To amend the Disaster Relief Act of 1974, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act Amendments of 1983".

SEC. 2. The short title of the Disaster Relief Act of 1974 (Public Law 93–288) is hereby amended by deleting the words "Disaster Relief Act of 1974" and inserting in lieu thereof "Major Disaster Relief and Emergency Assistance Act".

SEC. 3. Section 102(1) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5122(1)), is amended to read as follows:

"(1) 'Emergency' means any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities to save lives and to protect property, public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.".

SEC. 4. Title VIII of the Public Works and Economic Development Act of 1965, as amended (Public Law 89–136; 42 U.S.C. 3231–3236) is hereby repealed, and title V of the Disaster Relief Act of 1974, as amended (Public Law 93–288), is hereby amended to read as follows:

"TITLE V—FEDERAL EMERGENCY ASSISTANCE PROGRAMS

"PROCEDURES

"SEC. 501. (a) All requests for a determination by the President that an emergency exists shall be made by the Governor of the affected State. Such request shall be based upon the Governor's finding that the situation is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. The Governor's request will furnish information describing State and local ef-

forts and resources which have been or will be used to alleviate the emergency, and will define the type and extent of Federal aid required. As a part of this request, and as a prerequisite to emergency assistance under the Act, the Governor shall take appropriate action under State law and direct execution of the State's emergency plan. Based upon such Governor's request, the President may declare that an emergency exists.

"(b) The President may exercise any authority vested in him by section 502 and section 503 of this Act with respect to an emergency when he determines that an emergency exists for which the primary responsibility for response rests with the United States because the emergency involves a subject area for which, under the Constitution or laws of the United States, the United States exercises exclusive or preeminent responsibility and authority. The President may determine that such an emergency exists only after consultation with the Governor of the affected State, if practicable. The President's determination, however, may be made without regard to the provisions of section 501(a) of this Act.

"EMERGENCY ASSISTANCE

"SEC. 502. In any emergency, the President may—

"(a) provide assistance to save lives and protect property and public health and safety, or to lessen or avert the threat of a catastrophe;

"(b) provide emergency assistance by directing Federal agencies to provide technical assistance and advisory personnel to the affected State and local governments in—

"(1) the performance of essential community services; warning of further risks and hazards; public information and assistance in health and safety measures; technical advice or management and control; and reduction of immediate threats to public health and safety; and

"(2) the distribution of medicine, food, and other consumable supplies, or emergency assistance;

"(c) coordinate all Federal agencies and voluntary relief or disaster assistance organizations providing emergency assistance and coordinate emergency assistance with State and local officials.

"COOPERATION OF FEDERAL AGENCIES IN RENDERING EMERGENCY ASSISTANCE

"SEC. 503. (a) In any emergency, Federal agencies are hereby authorized, on the direction of the President, to provide assistance by—

"(1) utilizing or lending, with or without compensation therefor, to States and local governments, their equipment, supplies, facilities, personnel, and other re-

sources, other than the extension of credit under the authority of any Act;

"(2) distributing or rendering, through the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief and disaster assistance organizations, or otherwise, medicine, food, and other consumable supplies, or emergency assistance;

"(3) donating or lending equipment and supplies, including that determined in accordance with applicable laws to be surplus to the needs and responsibilities of the Federal Government, to State and local governments for use or distribution by them for the purposes of this Act; and

"(4) performing on public or private lands or waters any emergency work or services essential to save lives and to protect and preserve property, public health and safety, including but not limited to: Search and rescue, emergency medical care, emergency mass care, emergency shelter, and provisions of food, water, medicine, and other essential needs, including movement of supplies or persons; construction of temporary bridges necessary to the performance of emergency tasks and essential community services; provision of temporary facilities for schools and other essential com-

munity services; warning of further risks and hazards; public information and assistance on health and safety measures; technical advice to State and local governments on disaster management and control; reduction of immediate threats to life, property, and public health and safety; and making contributions to State or local governments for the purpose of carrying out the provisions of this paragraph. Contributions for emergency work under this section and section 502 of this Act shall not exceed 100 per centum of the net eligible cost, or for small projects 100 per centum of the Federal estimate of the net eligible cost, of such emergency work or services performed by State and local governments: *Provided,* That where debris removal is appropriate under this title, it shall be provided in accordance with the terms and conditions of section 406 of this Act.

"(b) Work performed under this section shall not preclude additional Federal assistance under any other section of this Act for the purposes of saving lives and protecting public health and safety, or to lessen or avert the threat of a catastrophe.

"LIMITATION ON EMERGENCY ASSISTANCE

"SEC. 504. (a) In any emergency the President shall not obligate funds appropriated to carry out this Act, other

than for purposes of coordination and direction, or the provision of technical and advisory assistance, where Federal assistance is available and adequate under other Federal authorities.

"(b) In any emergency and except as provided by subsection (c) of this section, the costs of providing emergency assistance under this section shall not exceed $5,000,000 of funds appropriated to carry out this Act.

"(c) The limitation of subsection (b) of this section may be exceeded when the President determines that continued emergency assistance is immediately required; that there is a continuing and immediate risk to lives, property, public health or safety; and that necessary assistance will not otherwise be provided on a timely basis.".

SEC. 5. Section 102(2) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5122(2)), is amended to read as follows—

"(2) 'Major disaster' means any natural catastrophe, including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought, or any fire, flood, or explosion, regardless of cause, in any part of the United States which, in the determination of the President, causes damage of sufficient severity and magnitude to warrant major disaster assistance under this Act to supplement

the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.".

SEC. 6. Title II of the Diaster Relief Act of 1974, as amended (42 U.S.C. 5131–5132), is amended by—

(1) striking the words "(including the Defense Civil Preparedness Agency)" in section 201(a);

(2) adding the words "including evaluations of natural hazards and development of the programs and actions required to mitigate such hazards," between the words "plans" and "except" in section 201(d); and

(3) striking "$25,000" in section 201(d) and inserting in lieu thereof "$50,000".

SEC. 7. Title III of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5141–5158), is amended by—

(1) deleting sections 301, 305, and 306 and renumbering subsequent sections appropriately;

(2) deleting the caption "FEDERAL ASSISTANCE" of section 302 and inserting in lieu thereof "RULES AND REGULATIONS";

(3) deleting the first and second sentences of subsection (a) of section 302 and amending the final sentence thereof by adding ", with or without reimbursement," immediately before "through"; and

(4) deleting ", or economic status" in the second sentence of section 311(a), and adding "or" before "age,".

SEC. 8. Section 303(a) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5143(a)), is amended by adding at the end thereof the following: "The Federal coordinating officer shall represent the President in coordinating the emergency or the major disaster response and recovery effort.".

SEC. 9. Section 314 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5154), is amended by redesignating subsections (a), (b), and (c) as (b), (c), and (d), respectively, and by adding at the beginning thereof a new subsection as follows:

"(a) As a condition of assistance, any public facility and private nonprofit facility which is:

"(1) located in a special flood hazard area as identified by the Director pursuant to the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001 et seq.);

"(2) damaged or destroyed by flooding; and

"(3) otherwise eligible for assistance under section 405 of this Act, must be covered, on the date of the flood damage, by reasonable and adequate flood insurance. Assistance under section 405 for any such facility not so covered shall be reduced by the maximum

amount of benefits which could have been received had reasonable and adequate flood insurance been in force: *Provided, however,* That this reduction of assistance shall not apply to uninsured facilities where such communities have been identified for less than one year as having special flood hazard areas. The limitations of assistance required by this subsection shall not apply until final regulations are promulgated by the President. Such regulations shall define reasonable and adequate flood insurance.".

SEC. 10. Section 315 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5155), is amended to read as follows:

"DUPLICATION OF BENEFITS

"SEC. 312. (a) Agencies or other organizations providing Federal assistance following a major disaster or emergency shall assure that no person, business concern, or other entity receives any Federal assistance as a result of a major disaster or emergency if such person, business concern, or entity receives or is entitled to receive benefits for the same purposes from insurance or any other source: *Provided,* That nothing in this section shall prohibit the provision of Federal assistance to a person, business concern, or other entity who is or may be entitled to receive benefits for the same purposes from insurance or any other source when any such applicant

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for Federal assistance has not received such other benefits by the time of application for Federal assistance, so long as the applicant for Federal assistance agrees as a condition of receipt of Federal assistance to repay duplicative assistance from insurance or any other source to the agency or other organizations providing the Federal assistance. The President shall establish such procedures as are deemed necessary to insure uniformity in preventing such duplication of benefits. Receipt of partial benefits for a loss or need does not preclude provision of additional Federal assistance.

"(b) A person, business concern, or other entity receiving Federal assistance following a major disaster or emergency shall be liable to the United States to the extent that such Federal assistance has duplicated benefits available to the person, business concern, or other entity for the same purpose from insurance or any other sources. The agency or other organization which provided the duplicative assistance shall collect such duplicative assistance from the recipient in accordance with the Claims Collection Act of 1966, as amended. The repayment shall not exceed the amount of Federal assistance received.

"(c) Federal disaster assistance and comparable disaster assistance provided by States, local governments, and disaster assistance organizations to individuals and families shall not be considered as income or a resource when determining

eligibility or benefit levels for federally funded income assistance or resource tested benefit programs.".

SEC. 11. (a) Title III of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5141–5158), is amended by adding at the end thereof four new sections as follows:

"PROTECTION OF ENVIRONMENT

"SEC. 315. No action taken or assistance provided pursuant to section 402, 403, 406, 502, or 503 of this Act, or any assistance provided pursuant to section 405 of this Act that has the effect of restoring facilities substantially as they existed prior to the disaster, shall be deemed a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (83 Stat. 852). Nothing in this section shall alter or affect the applicability of the National Environmental Policy Act of 1969 (83 Stat. 852) to other Federal actions taken under this Act or under any other provisions of law.

"RECOVERY OF FUNDS

"SEC. 316. The Attorney General of the United States is authorized to institute actions in the United States District Court for the district in which an emergency or major disaster occurred, or in such district as otherwise provided by law, against any party whose acts or omissions may in any way have caused or contributed to the damage or hardship for

which Federal assistance is provided pursuant to this Act. Upon the showing that an emergency or major disaster or the associated damage or hardship was caused in whole or in part by an act or omission of such party, then such party shall be liable to the United States for the full amount of Federal expenditures made to alleviate the suffering or damage attributable to such act or omission. The authority of this section shall also apply to the recovery of Federal funds expended under the authority of section 419 of this Act for fire suppression.

"AUDITS AND INVESTIGATIONS

"SEC. 317. (a) The President, when deemed necessary to assure compliance with any provision of this Act or related regulations, shall conduct audits and investigations and in connection therewith may enter such places and inspect such records and accounts and question such persons as deemed necessary to determine the facts relative thereto.

"(b) The President, when deemed necessary to assure compliance with any provision of this Act or related regulations, may require audits by State and local governments in connection with assistance provided under the Act.

"(c) The President and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for purposes of investigation, audit, and examination, to any books, documents, papers, and

records of any person or entity relating to any activity or program undertaken or funded pursuant to this Act.

"CRIMINAL AND CIVIL PENALTIES

"SEC. 318. (a) Any person, organization, or other entity who knowingly makes a false statement or representation of a material fact, or who knowingly fails to disclose a material fact, in any application or other document in connection with a request for assistance under this Act, or who knowingly falsifies or withholds, conceals, or destroys any documents, books, records, reports, or statements upon which such request for assistance is based, shall be fined not more than $10,000 or imprisoned for not more than one year, or both, for each violation.

"(b) Any person, organization, or other entity who knowingly makes a false statement or representation of a material fact, or who knowingly fails to disclose a material fact, in any bill, invoice, claim, or other document requesting reimbursement for work or services performed in connection with assistance provided under this Act, or who knowingly falsifies or withholds, conceals, or destroys any documents, books, records, reports, or statements upon which such request for reimbursement is based, shall be fined not more than $10,000 or imprisoned for not more than one year, or both, for each violation.

"(c) Any person, organization, or other entity who knowingly misapplies the proceeds of a loan or other cash benefit obtained under any section of this Act shall be subject to a fine in an amount equal to one and one-half times the misapplied amount of the loan or cash benefit.

"(d) Whenever it appears that any person, organization, or other entity has violated or is about to violate any provision of this Act, including rules and regulations issued and civil penalties imposed, the Attorney General may bring a civil action for such relief as may be appropriate. Such action may be brought in the district court of the United States having jurisdiction where the violation occurred or, at the option of the parties, in the United States District Court for the District of Columbia.

"(e) The President, or the duly authorized representative of the President, shall expeditiously refer to the Attorney General of the United States for appropriate action such evidence developed in the performance of functions under this Act as may be found to warrant consideration for criminal prosecution under the provisions of this Act or other Federal law.".

(b) Title III of the Disaster Relief Act of 1974, as amended, is amended by deleting subsections (a) and (c) of section 317 (42 U.S.C. 5157), and by renumbering "(b)"

from the remaining subsection of section 317 as subsection "(f)" of amended section 318.

(c) Title IV of the Disaster Relief Act of 1974, as amended, is amended by deleting section 405 (42 U.S.C. 5175) and by renumbering subsequent sections appropriately.

SEC. 12. Title IV of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5171–5189), is amended by adding three new sections as follows and by renumbering subsequent sections appropriately:

"PROCEDURES

"SEC. 401. (a) All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State. Such Governor's request shall be based upon a finding that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. As a part of this request, and as a prerequisite to major disaster assistance under the Act, the Governor shall take appropriate action under State law and direct execution of the State's emergency plan. He shall furnish information on the extent and nature of State resources which have been or will be used to alleviate the conditions of the disaster, and shall certify that for the current disaster, State and local government obligations and expenditures (of which State commitments must be

a significant proportion) will constitute the expenditure of a reasonable amount of the funds of such State and local governments for alleviating the damage, loss, hardship, or suffering resulting from such disaster, including, but not limited to, the cost-sharing provisions pursuant to sections 405, 406, 407, and 410 of this Act. Based upon such Governor's request, the President may declare that a major disaster exists.

"(b) In any case where an eligible applicant (or the State) is unable to assume its financial responsibility under the cost-sharing provisions of sections 405, 406, and 407 of this Act, the President is authorized to lend or advance to the State such 25 per centum share. For the purposes of section 405, such loan or advance shall be authorized only after the occurrence of concurrent, multiple major disasters in a given jurisdiction, or the extraordinary costs of a particular major disaster, and when the damages caused by such major disasters are so overwhelming and severe that it is not possible for the applicant or the State to assume their financial responsibility under this Act immediately. Any such loan or advance is to be repaid to the United States; there shall be no deferral of the repayment of loans or advances authorized by this subsection or of accrued interest. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current market yields on outstanding marketable obligations of the United States with re-

maining periods to maturity comparable to the reimbursement period of the loan or advance. The President shall issue regulations describing the terms and conditions under which any loans or advances authorized by this section may be made.

"MAJOR DISASTER ASSISTANCE

"SEC. 402. In any major disaster, the President may—

"(a) provide assistance to save lives and protect property and public health and safety, or to lessen or avert the threat of a catastrophe;

"(b) provide assistance by directing Federal agencies to provide technical assistance and advisory personnel to the affected State to assist the State and local governments in—

"(1) the performance of essential community services; warning of further risks and hazards; public information and assistance in health and safety measures; technical advice on management and control; and reduction of immediate threats to public health and safety; and

"(2) the distribution of medicine, food, and other consumable supplies, or emergency assistance;

"(c) coordinate all Federal agencies and voluntary relief or disaster assistance organizations providing

major disaster assistance, and coordinate major disaster assistance with State and local officials; and

"(d) provide such other assistance under this Act as the President deems appropriate.

"COOPERATION OF FEDERAL AGENCIES IN RENDERING DISASTER ASSISTANCE

"SEC. 403. (a) In any major disaster, Federal agencies are hereby authorized, on the direction of the President, to provide assistance by—

"(1) utilizing or lending, with or without compensation therefor, to States and local governments, their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act;

"(2) distributing or rendering, through the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief and disaster assistance organizations, or otherwise, medicine, food, and other consumable supplies, or emergency assistance;

"(3) donating or lending equipment and supplies, including that determined in accordance with applicable laws to be surplus to the needs and responsibilities of the Federal Government, to State and local govern-

ments for use or distribution by them for the purposes of this Act; and

"(4) performing on public or private lands or waters any emergency work or services essential to save lives and to protect and preserve property, public health and safety, including, but not limited to: Search and rescue, emergency medical care, emergency mass care, emergency shelter, and provisions of food, water, medicine, and other essential needs, including movement of supplies or persons; construction of temporary bridges necessary to the performance of emergency tasks and essential community services; provision of temporary facilities for schools and other essential community services; warning of further risks and hazards; public information and assistance on health and safety measures; technical advice to State and local governments on disaster management and control; reduction of immediate threats to life, property, and public health and safety; and making contributions to State or local governments for the purpose of carrying out the provisions of this paragraph. Such contributions for emergency work under this section and section 402 of this Act shall not exceed 100 per centum of the net eligible cost, or for small projects 100 per centum of the Federal estimate of the net eligible cost, of such emergen-

cy work or services performed by State and local governments: *Provided,* That where debris removal assistance is appropriate under this section or section 402 of this Act it shall be provided in accordance with the terms and conditions of section 406 of this Act.

"(b) Work performed under this section shall not preclude additional Federal assistance under any other section of this Act.".

SEC. 13. (a) Section 402 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5172), is amended to read as follows:

"(a) The President is authorized to make contributions to State or local governments, to help repair, restore, reconstruct, or replace public facilities belonging to such State or local government which were damaged or destroyed by a major disaster. Notwithstanding any other provision of law, such contributions shall be limited to 75 per centum of the net eligible cost, or for small projects 75 per centum of the Federal estimate of the net eligible cost, of repairing, restoring, reconstructing, or replacing any such facility estimated on the basis of the design of such facility as it existed immediately prior to such major disaster and in conformity with current applicable codes, specifications, and standards. For the purposes of this section, 'public facility' includes any publicly owned flood control, navigation, irrigation, reclamation,

public power, sewage treatment and collection, water supply and distribution, watershed development, or airport facility, any non-Federal-aid street, road, or highway, any other public building, structure, or system including those used for educational or recreational purposes, and any park.

"(b) The President is authorized to make contributions to help repair, restore, reconstruct, or replace eligible private nonprofit facilities which were damaged or destroyed by a major disaster. Notwithstanding any other provision of law, such contributions shall be limited to 75 per centum of the net eligible cost, or for small projects 75 per centum of the Federal estimate of the net eligible cost, of repairing, restoring, reconstructing, or replacing any such facility estimated on the basis of the design of such facility as it existed immediately prior to such major disaster and in conformity with current applicable codes, specifications, and standards. For the purposes of this section, 'eligible private nonprofit facility' means private nonprofit educational, utility, emergency, medical, and custodial care facilities, including those for the aged and disabled, and such private nonprofit facilities on Indian reservations, which were damaged or destroyed by a major disaster.

"(c) No authority under this section shall be exercised unless the affected State, local government, or eligible private nonprofit organization first agrees that such facility shall

be repaired, restored, reconstructed, or replaced in compliance with flood plain management and hazard mitigation criteria required by the President, with the provisions of the Coastal Barrier Resources Act and other applicable Federal statutes, and in conformity with other applicable codes, specifications, and standards, except as otherwise provided in section 315 of this Act.

"(d) For those facilities eligible under this section which were in the process of construction when damaged or destroyed by a major disaster, the contribution shall be based on 75 per centum of the net eligible costs of restoring such facilities substantially to their predisaster condition: *Provided*, That the term 'net eligible costs' shall not include costs which, under a contract, are the responsibility of a contractor.".

(b) The Disaster Relief Act of 1974, as amended, is amended by deleting section 419 (42 U.S.C. 5189) and by striking "or 419" each place that this phrase appears in section 314 (42 U.S.C. 5154).

(c) Section 403 of the Disaster Relief Act of 1974, as amended, (42 U.S.C. 5173) is amended by adding at the end thereof the following:

"(c) Notwithstanding any other provision of law, whether carried out directly through Federal departments, agencies, or instrumentalities or through grants to State or local

governments, Federal assistance provided under authority of this section shall not exceed 75 per centum of the net eligible costs, or for small projects 75 per centum of the Federal estimate of the net eligible costs, of debris removal.".

SEC. 14. Section 404(a) of the Disaster Relief Act of 1974 is amended to read as follows:

"(a)(1) The President is authorized to provide, either by purchase or lease, temporary housing, including, but not limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes, or other readily fabricated dwellings for those who, as a result of a major disaster, require temporary housing. Temporary housing assistance shall be provided only when adequate alternate housing is unavailable, unless there is a compelling need to do so because of severe hardship. The assistance to be provided shall be determined by the President based on the fair market value of the accommodations being furnished, adjusted to take into consideration the financial ability of the occupant. Any mobile home or other readily fabricated dwelling shall be placed on a site complete with utilities provided either by the State or local government, or by the owner of the site who was displaced by the major disaster. When the President determines such action to be in the public interest, he may authorize installation of essential utilities at Federal expense and he may elect to provide other more economical or accessible sites. However, in the event

the President authorizes the development of a group site, that is, a site for two or more households, the Federal share shall be limited to 75 per centum of the development costs, and the remainder shall be met by funds provided by the State.

"(2) The President is authorized to make contributions not to exceed 100 per centum (or 75 per centum with respect to group site development) of the costs to a State for the purpose of providing temporary housing assistance to those who require it as a result of a major disaster. Whenever he determines it to be in the public interest the President is authorized to provide temporary housing assistance by using Federal departments, agencies, or instrumentalities. The Federal financial and operational responsibilities for temporary housing assistance shall not exceed eighteen months from the date of a major disaster declaration by the President unless be determines that due to extraordinary circumstances it would be in the public interest to extend the eighteen-month period.".

SEC. 15. Section 406 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5176), is amended by adding "(a)" after "406." and by adding a new subsection "(b)" as follows:

"(b) The President is authorized to contribute up to 50 per centum of the cost of implementing hazard mitigation

projects which he has determined would be cost effective and would substantially reduce the risk of future damage, hardship, loss, or suffering in the area affected by a major disaster. Such projects shall be identfied following the evaluation of natural hazards provided for in subsection (a) of this section and shall be subject to approval by the President. The total of the contributions made under this subsection shall not exceed 2.5 per centum of the Federal estimate of grants made under the authority of section 405 of this Act for each major disaster.".

SEC. 16. (a) Section 407(a) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5177), is amended by striking the first and second sentences thereof and inserting in lieu thereof the following: "The President is authorized to provide unemployment assistance to individuals who are unemployed as a result of a major disaster and who are not otherwise eligible for payment of unemployment compensation or waiting week credit under the authority of any other Federal or State Act. Such disaster unemployment assistance shall not be payable with respect to any week which begins more than twenty-six weeks after the first week in which the major disaster occurred.".

(b) Section 407(a) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5177), is further amended by striking

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the words "of unemployment compensation or" in the third sentence thereof.

SEC. 17. (a) Section 408(b) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5178), is amended by adding a period after the word "share" in the second sentence of that subsection and by deleting the following phrase from the second sentence of section 408(b): "and any such advance is to be repaid to the United States when such State is able to do so.".

(b) Section 408(b) of the Disaster Relief Act of 1974, as amended, is further amended by adding the following sentence between the second and third sentences of this subsection: "Such advances shall bear interest from the date of the advance at a rate determined by the Secretary of the Treasury, taking into consideration the current market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the loan or advance. Repayment of such advances and of interest which accrues on the advances may be deferred for no longer than two years from the date of the major disaster declaration.".

SEC. 18. Section 408(d) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5178), is amended by adding at the end thereof the following new sentence: "Whenever a State demonstrates efficiency by promptly completing all

grants to eligible individuals and families within the period prescribed by the President, the State may be reimbursed for 50 per centum of those administrative expenses which exceed 3 per centum of the Federal grant made under subsection (a) of this section.".

SEC. 19. Section 418(d) of the Disaster Relief Act of 1974 (42 U.S.C. 5188) is deleted.

SEC. 20. Section 606 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5202), is amended to read as follows: "There are authorized to be appropriated to the President such sums as may necessary to carry out this Act through the close of September 30, 1986, and to the Federal Emergency Management Agency such sums as may be necessary through the close of September 30, 1986, for administrative expenses.".

SEC. 21. The Disaster Relief Act of 1974 (Public Law 93–288), as amended, is amended by—

(1) striking paragraph (7) of section 101(b) (42 U.S.C. 5121), striking "; and" from paragraph (6) and adding in lieu thereof a period, and adding "and" at the end of paragraph (5);

(2) striking "the Canal Zone," in paragraphs (3) and (4) of section 102 (42 U.S.C. 5122);

(3) striking "DISASTER" in the caption of title III (42 U.S.C. 5141–5158) and inserting in lieu thereof "MAJOR DISASTER RELIEF AND EMERGENCY";

(4) striking "section 402 or 404 of" in section 311(b) (42 U.S.C. 5151);

(5) adding "emergency or" before the word "major" each of two places that word appears in section 310 (42 U.S.C. 5150);

(6) striking in section 313(b) (42 U.S.C. 5153) everything after the word "areas" and inserting in lieu thereof a period;

(7) striking "or section 803 of the Public Works and Economic Development Act of 1965," each place the phrase appears in section 314 (42 U.S.C. 5154);

(8) striking "402" each place that number appears in section 314 (42 U.S.C. 5154) and inserting in lieu thereof "405";

(9) adding "emergency and major" before the word "disaster" in section 316 (42 U.S.C. 5156);

(10) adding the word "MAJOR" between the words "FEDERAL" and "DISASTER" in the caption to title IV (42 U.S.C. 5171–5189);

(11) striking "in emergencies or in major disasters" in the third sentence of paragraph (2) of section 404(d) (42 U.S.C. 5174);

(12) striking "311" in section 404(d)(2) (42 U.S.C. 5174) and inserting in lieu thereof "308";

(13) striking "an emergency or" in section 415 (42 U.S.C. 5185) and inserting in lieu thereof "a";

(14) striking "408" in section 605 (42 U.S.C. 5121) and inserting in lieu thereof "410";

(15) striking "301" in subtitle C of title I of the State and Local Fiscal Assistance Act of 1972 (Public Law 92–512; 86 Stat. 919) and inserting in lieu thereof "401";

(16) striking "President" each place that word appears in section 312(a) and inserting in lieu thereof "Federal coordinating officer".

(17) striking "rent" in section 313(a)(2) (42 U.S.C. 5153) and inserting in lieu thereof "income"; and

(18) striking paragraph (1) of section 313(a) (42 U.S.C. 5153) and renumbering subsequent paragraphs appropriately.

SEC. 22. (a) Section 6(a)(6)(E) of the Coastal Barrier Resources Act, 16 U.S.C. 3505(a)(6)(E), is amended by striking out "pursuant to sections 305 and 306 of the Disaster Relief Act of 1974" and inserting in lieu thereof "pursuant to sections 402, 403, 502, and 503 of the Major Disaster Relief and Emergency Assistance Act".

(b) Whenever any reference is made in any provision of law (other than this Act), regulation, rule, record, or document of the United States to provisions of the Disaster Relief Act of 1974 repealed by this Act or renumbered by this Act, such reference shall be deemed to be a reference to the appropriate provisions of the Major Disaster Relief and Emergency Assistance Act.

SEC. 23. This Act shall be effective ninety days after enactment, except it shall not affect the administration of any assistance provided under authority of the Disaster Relief Act of 1974, as amended, for any major disaster or emergency declared by the President prior to the effective date: *Provided*, That regulations issued under statutory provisions which are repealed, modified, or amended by this Act shall continue in effect as though issued under the authority of this Act until they are expressly abrogated, modified, or amended by the President. Provision of disaster assistance authorized by statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder, or proceedings involving violations of statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder which are in process prior to the effective date of this Act, may be continued to conclusion as though the applicable statutory provisions had not been repealed, modified, or amended. Violations of statutory provisions or regulations issued

under the authority of statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder which are committed prior to the effective date of this Act may be proceeded against under the law in effect at the time of the specific violation.

DISASTER RELIEF ACT AMENDMENTS OF 1983

THURSDAY, SEPTEMBER 29, 1983

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT,
Washington, D.C.

The subcommittee met at 10 a.m., in room SD-406, Dirksen Senate Office Building, Hon. Gordon J. Humphrey (chairman of the subcommittee) presiding.

Present: Senator Humphrey.

OPENING STATEMENT OF HON. GORDON J. HUMPHREY, U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator HUMPHREY. Good morning. Today the Subcommittee on Regional and Community Development will hear the second of 2 days of testimony on S. 1525, the Disaster Relief Act Amendments of 1983. Senator Stafford and I introduced this legislation, at the request of the administration, on June 23 of this year. On July 21, the subcommittee heard testimony from the Federal Emergency Management Agency on S. 1525.

Today we will hear from representatives of five organizations that are intimately involved in delivery of disaster relief assistance. These groups include the National Governors Association, the Association of State Flood Plain Managers, the National Association of Counties, and the American Red Cross. The perspectives of these organizations should prove integral to the subcommittee's consideration of S. 1525.

At this time I would like to welcome our witnesses and thank them for taking the time to be here with us today.

Let me now ask our first witness, Dr. Nolan Jones, staff director of the Committee on Criminal Justice and Public Protection, National Governors Association, to come forward and proceed with his testimony.

Good morning, Dr. Jones. We have five witnesses, each of whom has provided us with a statement. I will ask that each witness summarize his testimony. The statement submitted will be printed in full in the record, of course.

STATEMENT OF DR. NOLAN JONES, STAFF DIRECTOR, COMMITTEE ON CRIMINAL JUSTICE AND PUBLIC PROTECTION, NATIONAL GOVERNORS ASSOCIATION

Dr. JONES. Thank you. I will be brief.

To highlight a few points that I make in my statement, my name is Nolan Jones, and I am the staff director for the Committee on Criminal Justice and Public Protection of the National Governors Association. That committee is chaired by Gov. Charles Robb of Virginia and the association is chaired by Governor Thompson of Illinois.

I would like to make a few points. First of all, the Governors appreciate the Disaster Relief Act of 1974 because it has helped in assisting them in managing disasters in the Nation. We are happy to see the proposed amendments in S. 1525, but we have some criticism. Let me start with the first of those, the issue of cost-sharing. We endorse cost-sharing, however, we have special concerns about the legislation. We think that some issues must be clarified. Those costs that are eligible must be spelled out. One of the major issues that we hear from the States is what are eligible costs versus ineligible costs. We believe there should be some clarification prior to a disaster situation of this issue.

NGA believes that beyond the normal operating expenses, all costs of State and local governments in dealing with declared disasters and emergencies should be eligible for Federal reimbursement under a cost-sharing agreement. All costs from the inception of the disaster, we believe, should be included.

Another section in the act concerns the issue of the loan that the President is able to advance a State, the 25 percent, as stated in the act. We believe that there should be some form of forgiveness. We believe in the cases of catastrophic or multiple disasters that the Governor should be allowed to petition the President for forgiveness of that loan because we see over a time in major disasters this could be devastating to State and local governments budgets. We believe at some point that the President should realize this and allow the Governor to be forgiven of the loan.

Another section of the act is the point what is called significant proportion, known as the State's commitment. If cost-sharing is adopted, then we believe that that proportion of the cost-shared and committed by the State should be significant proportion and considered the state's commitment. Therefore, we would urge you to strike the phrase "of which State commitment must be of a significant proportion" within the act.

We also look at the issue of flood insurance requirement which we think is very good, but we would caution that individual facilities located in flood hazardous areas somehow should be notified that this act is being enacted, and the danger that they live within a flood area. They should be given help in relocating and/or obtaining flood insurance.

Another issue concerns section 316 which will allow the Attorney General to bring suits against parties whose "act of omission" maybe attributed to the disaster. That is a good section but we believe that the Congress should express its intent in terms of the act so that the act will not be interpreted to mean those State and local governments who have not mitigated certain known hazards could be said to have omitted their responsibility and the U.S. attorney could bring suit against them. We don't think this is what Congress intends but we think there should be some clarity on this issue.

Finally, Mr. Chairman, we would like for Congress to express its intent that in implementing this legislation the administration, that is, the Federal Emergency Management Agency, be directed to get together with State and local officials in putting out regulations so that we can develop some workable knowledge of how this legislation is to be implemented.

That concludes my brief remarks, Mr. Chairman, and I will be happy to answer any questions, sir.

Senator HUMPHREY. Thank you, Dr. Jones.

Do I understand it, then, it is the position of the National Governors Association that if the questions regarding eligible costs can be resolved, that the association would support the bill? Is that correct?

Dr. JONES. Eligible costs and what do you mean by commitments. If that could be worked out clearly, we could support the arrangement of cost-sharing.

Senator HUMPHREY. Eligibility and what was the other thing?

Dr. JONES. Significant proportion in terms of State commitments.

Senator HUMPHREY. You raise the issue of a means to petition forgiveness for the loans extended to constitute the 25-percent share. Don't you suppose that every recipient will make such a petition if there is a way to do it?

Dr. JONES. I think that if we draw some reasonable regulations that we could put some guidance on how that forgiveness is to be accomplished and taking into account the State's budget or the local budget situation, revenue, et cetera.

For example, I was talking to some officials in the State of Texas on Tuesday. They were talking about a community like Galveston, which is a resort, being hit by a major disaster, like Hurrican Alicia. The city depends on sales tax revenue and that would be down because there are not enough visitors coming to the resort area because of the hurricane devastation. Those kinds of reasons, I believe, should be taken into consideration when considering forgiveness.

Senator HUMPHREY. Has the association been in contact with FEMA with regard to its suggestions?

Dr. JONES. Yes; we have. We have a good relation with FEMA. We work with them. We are trying to work out some of these issues.

Senator HUMPHREY. Have you made progress with regards to defining "eligible costs" in your dealings with FEMA?

Dr. JONES. Some progress has been made, sir, and I look forward to making further progress as we move forward with the legislation. I think we are working with FEMA officials.

Senator HUMPHREY. I am trying to get some sense of how thorny that question is. Is it something that, in your view, we can succeed at soon?

Dr. JONES. I would hope in some kind of initiative that Congress would share its views that FEMA should continue to work with us. I think that would give impetus that we work closer on this issue of eligible costs.

Senator HUMPHREY. In regard to your situation in connection with flood insurance, how would we go about notifying persons who might not be carrying such insurance on the assumption that

Uncle Sam would come along and bail him out if he were flooded? That is a particularly good use of the phrase "bail-out" in the context of people who don't carry flood insurance. How would we go about it?

Dr. JONES. I think that working with our State and local officials that we could have some idea what the area would include and that they could come up with some way of notifying those individuals in the area through some form of mail or some form of meetings or some publication, et cetera; this could give direct communication to people in flood areas.

That is the thing that sort of troubles me, whether we have given them ample notification.

Senator HUMPHREY. It is easy enough to print it in the Federal Register, of course, but it is another question of getting the attention of each and every party who is affected. So if the Governors Association has any suggestions, we would like to hear them. Your proposal is a good one, but making it practical is a bit of a challenge.

You are also worried about efforts by the Federal Government to recover in cases of negligence, that is a real thicket, too. You are worried that the Federal Government might seek to recover from local governments who perhaps should have built a dike or some other thing and have a better plan of some kind. How you translate that into legislative language is difficult. Do you have any proposals?

Dr. JONES. It might be a necessity to present some kind of strategy language, as it is, to express the intent of Congress in terms of the committee report that we—in Congress—do not intend by this section, to mean these types of issues where State and local governments may be a party.

Senator HUMPHREY. Which types?

Dr. JONES. I think covering third-party types of spills and accidents committed by third parties.

Senator HUMPHREY. I don't understand.

Dr. JONES. Sort of third-party accidents. For example, a negligent fire which causes the destruction of several homes in an area. Someone setting a forrest fire of that type could be prosecuted under this act.

Senator HUMPHREY. Thank you very much for your fine testimony and your assistance. We appreciate it.

Our next witness is Wilbur J. Buntin, Jr., executive director, Kentucky Disaster and Emergency Services, Frankfort, Ky., on behalf of the National Emergency Management Association.

STATEMENT OF WILBUR J. BUNTIN, JR., EXECUTIVE DIRECTOR, KENTUCKY DISASTER AND EMERGENCY SERVICES, ON BEHALF OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION, ACCOMPANIED BY E. ERIE JONES, DIRECTOR, EMERGENCY SERVICES AND DISASTER AGENCY

Mr. BUNTIN. I would like to ask Mr. Erie Jones to sit with me.

Mr. Chairman, it is a privilege for us to be here today and represent the National Emergency Management Association as we consider the S. 1525. I would like to say that we appreciate the efforts

made by the subcommittee on this legislation. These issues are of great importance to States and to their local jurisdiction and they certainly merit your special attention.

I would like to ask Mr. Jones to address three items to start with, the cost-sharing formula 75/25 versus the 100 percent, commitment and eligibility items.

Mr. JONES. Mr. Chairman, we will be brief. I recognize that there is a lot of people behind us.

The issue of 75/25 has been discussed for several years within the FEMA community and then the predecessor organization, FDAA organization. The law, as is presently written, speaks up to about 100 percent. Historically we believe that has been justified in practice but it has also cost the communities because of the eligible items.

What I am trying to do is link all three of these into one topic.

The eligible items, for example, that have been excluded in the past, and continue to be excluded, include the required Federal audit on any issue, any grant of $25,000 or more. To put that in some quantity, in the State of Illinois, the State and local governments are budgeting in the neighborhood, plus or minus, $1 million per annum just for that issue of conducting audits. And that cost is not an eligible item for reimbursement, notwithstanding that is a clearly identified requirement not only of the Federal Government but of the disaster.

Make no mistake, we believe the audit is necessary, but we think we should be given that concession as an eligible item.

Additionally, the cost of calling the National Guard which is substantial, has been disallowed in the past as an eligible item.

My suggestion would be in that regard, in the regard of eligible items, to identify all those items which are clearly identifiable with disaster as eligible.

The commitment issue is another one that is part and parcel of this triangle. It is important that the commitment be made. There is no question about the need for that. I would point out, however, in the State of Illinois in some fashion we respond to emergencies and disasters at the rate of about 200 times a month and, Senators, those are the only ones that come to us because our local and community governments are responding quite regularly at a greater rate than the State. So they are making substantial investments in behalf of their people in emergencies and disasters even before Presidential declaration, and those line items in our respective budgets for disaster response have been exhausted. So we come in with that kind of commitment in place, in the bank if you will, but then for the specific disaster we are asking for Presidential assistance, we are coming with the commitment that we have already reached in order to respond in the short term to protecting the lives of the people for that disaster.

The 75/25 then becomes an acceptable position provided the first two I mentioned are well delineated by regulations. And we are in contact with and working with FEMA with regard to commitment and eligible items, but, candidly, we are a little nervous until we get something solid in writing because we all have our responsibilities in reporting to our respective Governors and it could be very costly to the Governors and to the county board chairmen, to the

county boards and to the city councils if we, using that metaphor, give away the store. Thank you.

Mr. BUNTIN. I would like to further discuss three additional points.

On page 10, lines 18 and 19 of the testimony we address the question that Mr. Jones raised earlier and that is the portion of the act that says "of which State commitments must be a significant proportion." Our feeling is: It puts the Federal coordinating officer in a very difficult spot to go into a Governor and try to make a deal with him as to how he is going to break down the 25-percent State's share. This is clearly an agreement between the Governor and the President of the United States and the law says if enacted that the cost share will be 75/25. It is our feeling that this particular phrase should be taken out of the act and the Governor have a free hand to commit himself to the 25 percent and where he gets the money is his business and not that of the Federal coordinating officer. I think that would help both sides if that were eliminated from the act.

I would like to point out two other points in the testimony, page 6, line 1, addresses this 25-percent loan. If the State does not have the 25 percent at the time of the disaster, the act provides they may borrow this from the Federal Government. Our feeling is that the State that is so desparate that they have to come forward and borrow the money and immediately have to pay interest on it, I think this is a point that needs to be considered seriously before it is finally enacted in the act. States are in pretty dire circumstances when that has to be done.

Senator HUMPHREY. You are saying they should not be required to provide the 25-percent share if they are in such shape? Is that your point?

Mr. BUNTIN. I think it is a point that almost has to be settled at the time of the disaster between the President's office and the Government.

The other point, I think that of flood insurance, addressed on page 1. We endorse this. We know this is a political hot issue at the local level. I had one this past year. I had a county who had not approved the program and we had the line dividing the city and the county. Those folks in the county received no help whatsoever and those in the city did. It is a matter of the education of the public and the public officials because it also covers public buildings. I think it will reduce the cost of disasters in the future if it is applied. I think it is a good point.

We also feel very strongly that the mitigation portion of this act is a very good one and can address some of the serious problems that arise from items such as bridges being put back to substandard level because that is the way it was before the disaster. Through the mitigation portion of the act we can address that problem and put things back the way it should be and not repeat this every year.

Dr. Jones also raised the point of third-party and the Attorney General's portion of this. We faced this in the local Zurick exploration about a year and a half ago. The question is, do they intend to take the third-party to task, who happens to be Ralston-Purina,

who is the spiller of the hazardous material? I hope that is the intent of the act. If it is, it is a good one.

Mr. JONES. I would like to enlarge on that issue of the bridges. Frequently the local governments get themselves between the rock and the hard place because they are told they may replace the bridge to the same condition it was at the time of loss but the highway regulations state that it must be put together in such a shape that is a new standard. They are in the terrible dilemma of being caught between two government entities both of which have major roles in the destiny of their community. It is a serious issue that we need to address satisfactorily in the interest of our local governments.

Senator HUMPHREY. Let's take that one up. How about if the language were such that the Federal Government provided funds sufficient to restore things as they were? Maybe that is the way it is, I don't know, I am not an expert.

Mr. JONES. That is the way it is.

Senator HUMPHREY. If the local government wanted to upgrade the standard, then they would have to make up the difference, is that the way it stands?

Mr. JONES. That is the way it is now. The difficulty is in the short term they probably do not have necessary capital to build that bridge back the way it was. The loss was not anticipated so it is not even in their improvement budget.

Senator HUMPHREY. We don't have the money either, that is the problem. If we were to provide, as you request, the grants that were sufficient to, not only replace the bridge as it was before the disaster, but to provide for the kind of bridge that should be had, then the disaster is something of a windfall in that community in that they are getting something they wouldn't otherwise have had. Isn't that it?

Mr. JONES. That is so, but let me point out that many of these bridges are extremely important in the transport of students to school and bringing farm commodities and the alternative is long detours or not access.

Senator HUMPHREY. I guess what I am asking is, are we obligated to go beyond just restoring and to provide something better? The whole idea of disaster assistance is not to improve but to restore and get things back in an even keel.

Mr. JONES. Essentially local governments are being told if they lose a bridge they must replace it to the recent standards. You have heard some of the stories of how bad a shape many of our bridges find themselves in. We are directed in the local governments to bring the bridge up to new standards when the bridge is replaced.

Mr. BUNTIN. The act does provide for those local entities to accept the code and if they accepted the code then the bridge, road, whatever, will be replaced by code standards. We have been caught with some communities that have not done that. Recently in Tennessee there was a project application that was recently approved. Then the Federal coordinating officer came back and said no, you don't have codes in place and you can't do this and we have to build it back to the standard prior to the disaster. The Highway Department of the State of Tennessee cannot accept this because

they have to meet the code. They said they are not going to put up the 25 percent. So the State is stuck in the middle.

The mitigation portion of the act on page 2, line 2 of the testimony will help that situation. If that had been in place now then possibly the Federal coordinating officer could go back and that portion that has to bring that particular thing up to standard not only mitigates future disasters on the same bridge but it gives a way to help share that 50/50 and it might be a solution to that problem.

Senator HUMPHREY. At the outset you expressed concern that certain substantial expenses were not reimbursed, were not covered by the act as it now stands—audits and deployment of the National Guard. So what you are saying, practically speaking, while the law allows the 100 percent reimbursement of eligible items as a practical matter, the actual reimbursement has been something else.

Can you make an estimate, off the top of your head, of what the practical level of reimbursement has been over the years in terms of the total cost of the community cost?

Mr. JONES. You may get a better response from our colleagues from NACo because they are the ones quantifying these costs regularly. They may not be prepared to make such comments. It would be difficult for me in Illinois to come up with an aggregate in that percentile.

Senator HUMPHREY. I thought Mr. Buntin was speaking for the association, but I guess you don't have that information.

Nevertheless, you say you think that cost-sharing is all right as long as all items are included?

Mr. JONES. I am not sure about all items. I am not suggesting that, Mr. Chairman, but I do believe that the cost-sharing items should be up-front funds. As it is now, to use a little legalese, it has been somewhat capricious and variable sometime from disaster to disaster and it is a little hard to do planning.

Senator HUMPHREY. I understand. My point is that we won't really have made any change in the level of Federal participation if we make everything eligible and bring it down to 75 percent; we are raising one thing and lowering another.

Mr. JONES. You are quite perceptive in the issue.

Senator HUMPHREY. We are looking for a way to insure that the State and local governments may share.

Mr. JONES. The State and local governments have with regularity expressed the issue of disasters and emergencies without request for assistance from the Federal Government. The State's director of Emergency Services goes forward with a Presidental request after we have exhausted our respective line items and the capability for our resources have been exhausted and we are asked to go forward to get some help. The commitment, in a sense, has been made already.

Senator HUMPHREY. I understand that.

Mr. BUNTIN. It is very important that the implementing regulation is reviewed by the various concerned parties here because that is before we will address eligible items, commitments and those types of issues. We have been, as Mr. Jones pointed out, talking with FEMA and they have made some proposals. We feel that possibly can be worked out. We want to be sure that is done before you agree to the act as written.

Senator HUMPHREY. What about the grants to States to develop preparedness plans?

Mr. JONES. That is proposed to be increased from $25,000 to $50,000.

Senator HUMPHREY. Is that really going to make a difference?

Mr. JONES. In general we favor that. We find the actual use of those moneys is not too different than what we are finding use in other support governments. We in many states use the provision under that act and take some of the moneys but there are also several States who do not participate. It is important but not, from my own point of view, one of the critical issues.

Senator HUMPHREY. It is not going to make a substantial improvement to the ability of States to prepare in advance?

Mr. BUNTIN. In many States it will. This is a very important program in many States. This particular grant addresses all disasters and provides the State emergency planning for the State and without this particular funding issue I am afraid that many States will be out a good State response.

Senator HUMPHREY. Let's go back to the cost-sharing. What, in your view, is an equitable cost-sharing on a percentage basis? What should be the Federal share?

Mr. BUNTIN. I think when you eliminate from the law the phrase "up to 100 percent," we have to be careful how we draw the line. When I say draw the line, it depends on the other two issues that we addressed here this morning; that is, commitment and eligible items. I think that we can accept the cost-sharing portion of it provided that commitment is addressed properly in the regulation. I feel fairly confident that eligible items will be addressed to our satisfaction in the regulation.

Senator HUMPHREY. You are satisfied with the 75 percent?

Mr. BUNTIN. As long as we address the word commitment.

Senator HUMPHREY. All right, gentlemen, thank you very much, we appreciate your coming.

Our third witness is French Wetmore from the Illinois Division of Water Resources on behalf of the Association of State Food Plain Managers.

STATEMENT OF FRENCH WETMORE, ILLINOIS DIVISION OF WATER RESOURCES, ON BEHALF OF THE ASSOCIATION OF STATE FLOOD PLAIN MANAGERS

Mr. WETMORE. The Association of State Flood Plain Managers is an association that has only been around for about 5 years. The members have been around for a long time dealing with flood problems, primarily composed of State flood insurance coordinators who typically are appointed following a flood. Therefore, these are the State people who are responsible for implementing the sections that we would like to comment on.

The testimony is based on two resolutions passed by the association: one by the membership at large in support of funding for mitigation in general, and one specifically addressing this proposed bill.

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We also surveyed the State flood insurance and hazard mitigation coordinators and to date have received 25 responses which all but two support these provisions.

The act will have a major impact on floods because that is where about 90 percent of the Federal disaster assistance payments go. As you know, there is a cycle of floods, disaster assistance, reconstruction with disaster assistance, continued development of other flood, and other disaster systems.

The National flood insurance program was supposed to break into this and stop this cycle. It will prevent it from getting worse but our experience is it may not have a major impact on reducing the damages to buildings that are currently disposed. That is because the regulations are not allowed to take property; they must have a substantially damaged building before it could be required to be rebuilt and protected from flood damage. Very few floods, with the exception of the flashfloods and the hurricanes, will actually destroy a building; they will damage it quite a bit but the property owner will declare a hardship.

Senator HUMPHREY. Mr. Wetmore, pardon for interrupting, but there is a very important person calling me and I have to excuse myself for a moment. I will be right back.

[Whereupon, a short recess was taken.]

Senator HUMPHREY. All right, my apologies again to all. Will you resume, please, Mr. Wetmore.

Mr. WETMORE. The findings we found in disasters and floods on flood insurance programs is that there is still a heavy reliance on disaster assistance. Only one-fourth of the properties have insurance and many worthy damaged reduction projects that could be implemented are not because either they are not required, the damage isn't severe enough, they hit the regulatory threshhold or there is no money.

We specifically wanted to comment on sections 9, 13, and 15. Section 9 we support for the same reasons that the previous testifiers have stated. We are concerned there be adequate lead time and I think we will have that particularly since there has to be some time for Federal Register process, the proposed rules, and a chance to comment on it.

We support section 13. It makes good sense that the money is spent according to the rules and good mitigation criteria.

We want to focus on section 15. We read it as permitting a wide range of possible projects provided they are shown to be cost effective and to substantially reduce the risk of future damages. We feel strongest about this section. We would like to see a higher level of funding made possible. Let me identify a few projects that could have used this funding.

The first one is in Mississippi where the State had the mitigation coordinator move fast in 1979 and received $4.4 million to relocate 147 houses out of the floodplain and elevate 58 more above the flood level. Since that project was completed, all of the areas have been flooded; one of them three times. Most of the properties were not insured and therefore would not have been eligible for the only other source of relocation funding.

The additional examples are smaller projects. Fort Wayne is still looking for money to put in sewer backup valves that will protect

800 homes but the funding rules of FEMA do not allow it because of the location of the valves.

Arizona is looking for funds for a flood warning system to reduce the damage created in the Colorado River flood in June.

We tried in Illinois to find funds to help people rebuild their basements so the next flood will not damage properties but because of the regulatory threshhold the agencies will now allow the additional moneys to be made available. People are still exposed to the next flood.

Missouri would like to purchase radios for various flood fighting agencies. When they found there was no source of money they didn't put it in their plans.

And the city of Pacifica, Calif., wanted to elevate the electrical components of three pump stations above the flood level so that they would work during a flood.

All of these projects proved themselves as being worthy. The State people, in most cases the FEMA mitigation people, disaster assistance people also agree they would have been good for funds but the funding source wasn't there. Some of these projects perhaps could be funded with other source of funds if the community wanted to take 1, 2, 3 years to pay. The coordinating engineers could have funded the relocation of the properties but it might have taken 5 years to go through that property. Those properties would have been flooded again because of the slow funding procedures.

The important thing that this proposal of section 15 has is speed and flexibility. Right after a flood people are ready, the houses are damaged before we rebuild them out 4 years later, let's buy them out now at a lower cost. People are ready to go. We can't afford to wait for the funding sources or for the regulations to change.

We would like to comment that we don't think 2½ percent of the formula proposed is enough to do many good projects. The formula is based on only the permanent reconstruction to public facilities, which is only about half of the total FEMA aid. It does not include the funding for private property improvements and repairs, it does not include funding for the funding operation.

We have identified four different possible ways to change that formula that would increase the ceiling of money that could be available. I would like to note this would only increase the total FEMA would be allowed to spend. I think we can count on FEMA to write specific regulations to make sure that the money is not misspent. I think the project would prove to be cost effective and that what counts is that the money is there to do it.

One particular example is in Minnesota where they get flooding on the Red River which is snow-melt flood and they have plenty of warning. They do a massive flood-fighting effort to keep the damage down. They would not be able to count that Federal expense toward the 2½ percent for funding.

So, inclusion, we do support sections 9, 13, and 15, but especially section 15 has a new program that has been proven to be needed. We sort of have a saying: After a flood there is never enough money to pay for doing the things right but after the next flood we find the money to pay it over again.

Adequate funding will be a way to break up that cycle. Thank you.

Senator HUMPHREY. According to your testimony, about 14 percent of the country's population live within flood plains and only 3 or 4 percent of the property owners have flood insurance.

Mr. WETMORE. One quarter of the flood prone property owners.

Senator HUMPHREY. Why is that? Is it for economic reasons? Are these people below the proverty level, people who don't have fire insurance or other insurance or is it flood insurance that people don't carry by and large?

Mr. WETMORE. In an area that has not been flooded there is no threat recognized. In many areas that are identified as flood plains, the people live there for 20 years and they are on the edge and they never get flooded, they don't believe it is a threat.

Senator HUMPHREY. So in most of the cases, it is not a matter of economics but just not awareness of the danger.

Mr. WETMORE. We believe because of this rate increase people have dropped the total number of policies and we think the rising costs is related to that. But for people who never bought the policy, if we look at it now and saw in the average it would cost $250 a year.

Senator HUMPHREY. We spoke earlier about notifying people who live in flood plains. Is there an effort in any of the States to notify people who live in flood plains of the odds for flooding based on history and maybe they ought to be considering buying flood insurance?

Mr. WETMORE. FEMA has a national effort in the Midwest in the spring through press, radio, and TV. We also have done a detailed study of what is the best way to tell them and see what they do. Our conclusions are that it may not be cost effective to spend a lot of money to go door-to-door and tell them they are in the flood plain and they ought to buy insurance; people still don't react.

This section 9 is related to Government properties so we are talking about a much smaller population, we are talking about people who are annual budget planners and will stop and think about what they need to take care of their community; they will make more rational decisions and have more funds than the typical home owner to protect his property.

Senator HUMPHREY. With regard to that proposal in section 9, how long do you think there should be a period of public education before that provision would take effect?

Mr. WETMORE. I think 3, 4, 5 months following the final FEMA regulation that identifies what is adequate and reasonable insurance. We can advertise, direct mail, public officials and various organizations like municipal leagues. The only problem that may happen is small towns, if the cost of the insurance is a large bite, they may have to wait for their budget and tax cycle.

Senator HUMPHREY. Does the association have any idea about what a reasonable level of insurance is?

Mr. WETMORE. There is a similarity with the requirement to purchase insurance as a conditional Federal aid. If you get a veteran's loan you must buy insurance and there are maximum requirements. I think these regulations that FEMA proposed should be

consistent with those on a nonresidential building—I think it is $100,000 worth of coverage.

Senator HUMPHREY. Section 15 deals with the Federal share toward implementing hazard mitigation projects. If we were to raise the cap, as you have urged, what thoughts do you have for FEMA on drafting regulations that would insure that the funds were spent on worthy projects? You named some worthy projects where the money has not been available, but how do we insure it is well used?

Mr. WETMORE. It shouldn't be difficult to demonstrate the cost of the project versus the benefits gained. As long as we didn't have to do it on individual house-to-house measures, for example, but we proved $100,000 in this town will protect 100 basements from additional repeated damage.

There is also a Federal/State interagency hazard mitigation team that is called following every Presidential declaration that would at the regional level review this kind of proposal. The key thing on the team is that it does not move fast. They visit the damaged site in many cases and I think the knowledge is there. What we need is faster procedures and there is such a procedure in that hazard mitigation team.

Senator HUMPHREY. Do you believe it would be better to raise the cap on total expenditure or to raise the Federal share from 50 percent?

Mr. WETMORE. We have not come up with a recommendation on that issue. They both have pros and cons.

Senator HUMPHREY. Thank you very much, Mr. Wetmore. We appreciate your coming this morning.

Our next witness is Norman Carlson, county commissioner, Weld County, Colo., on behalf of the National Association of Counties as chairman of the Emergency Management Committee. He is accompanied by William J. Diamond, director of Kane County Emergency Services and Criminal Justice, Geneva, Ill., and Donald Murray, legislative representative of the National Association of Counties.

STATEMENT OF NORMAN CARLSON, COUNTY COMMISSIONER, WELD COUNTY, COLO., CHAIRMAN, NATIONAL ASSOCIATION OF COUNTIES EMERGENCY MANAGEMENT COMMITTEE, ACCOMPANIED BY WILLIAM J. DIAMOND, DIRECTOR, KANE COUNTY EMERGENCY SERVICES AND CRIMINAL JUSTICE, GENEVA, ILL., AND DONALD MURRAY, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF COUNTIES

Mr. CARLSON. Good morning. I am pleased to have this opportunity to present the views of the National Association of Counties, particularly as they relate to the 75/25 split. Many of the other witnesses have already covered many of our concerns.

Mr. Chairman, NACo fully recognizes that the Disaster Relief Act of 1974 was never intended to reimburse all costs incurred by State and local governments in times of emergency or disaster. Many times to merely avoid disasters from occurring a county will immediately spend money as a preventive measure to insure the continuity of county government and other services. The act was designed to provide assistance to State and local governments

which had exceeded their capabilities to respond to unusual emergencies or major disasters.

I would also like to express our concerns with regard to new flood insurance provisions in section 9 of the proposed legislation. Many counties simply do not have sufficient enabling authority to develop and implement zoning and other land use controls and that is often a requirement to obtain flood insurance, counties also face serious fiscal contraints. For example, my county has a $45 million budget but of that $45 million we only have $500,000 in our contingency fund. We have 714 bridges and 132 of those bridges are not safe for a school bus. If we were not able to get the 100-percent assistance in time of a disaster we could not come up with the 25 percent to match the 75 percent that is provided by the Federal Government.

I would also like to relate that a member of our NACo staff recently returned from a meeting in New Hampshire where he consulted informally with county officials from your State on the reimbursement issue. The persons he spoke with all recalled the snow storm and hurricane that struck New Hampshire and other parts of New England on February 6, 1978, about 2 years before the cost-sharing formula was imposed. That storm, you will recall, destroyed a number of communities in New Hampshire including Hampton Beach, Hampton, North Hampton, Rye, New Castle, and Portsmouth and closed Boston's Logan Airport for a week. The informal report he received was that if it had not been for 100 percent funding those communities would still be a disaster area.

I would like to ask Mr. Diamond if he has something to say, or Mr. Murray.

Senator HUMPHREY. I would like to point out that some of those communities you mentioned are among the wealthiest in the State.

Go ahead.

Mr. DIAMOND. I would like to make a few comments. I believe you asked a question of Mr. Jones of Illinois and he indicated that perhaps NACo had some figures. I don't have any hard figures at my fingertips to present to you today, but in reading some national professional literature on this and from other readings that I have done, I would roughly estimate that the costs that are absorbed by local governments for ineligible costs range from 15 to 30 percent.

Mr. MURRAY. Senator, if I could add a comment on the reimbursement issue. In analyzing the legislative history of the Disaster Relief Act of 1974 we reviewed the actual debate in Congress. A colloquy on the Senate side between Senator Cook and Senator Burdick was particularly revealing. Senator Burdich at that time was the chairman of the Disaster Relief Subcommittee, and they were talking at the time about disaster loans. Senator Burdick in responding to a question on disaster loans gave an important interpretation on the reimbursement issue when he said:

> We can pay up to 100 percent replacement for all public facilities, buildings, streets, bridges, and everything under the sun, owned by the public and only when the city wants to opt for 90 percent to take an immediate settlement, that is the only time it drops below the 100 percent figure.

The 90 percent reference here was to another section in the act which provided flexability in the event all damaged facilities were not restored. If for example, the county had five buildings and they

only wanted to replace four, the Federal Government would give them 90 percent of the five, just to provide greater flexibility in the restoration effort.

So it seems to us that the clear legislative history of the Disaster Relief Act of 1974 was to provide 100-percent reimbursement on facility expenses. I think the reason is clear why Congress went in that direction, because they recognized that county governments were at the front lines. As our chairman mentioned, we simply do not have the latitude in our budgets to respond to major disasters. And as earlier witnesses have noted, a substantial commitment is made before the President of the United States declares the county a disaster area. This is a major portion of the cost-sharing we are talking about. Counties are on the front lines. They not only provide services for disaster operations but they also have to maintain the day-to-day operations of government. I think that is what Congress recognized, that government at all costs must go forward, that if you knock out government we are in real big trouble.

Mr. CARLSON. Mr. Chairman, I also have before me a resolution which was adopted by the County of Santa Cruz' Board of Supervisors which is a resolution opposing S. 1525. And I am sure most of the counties in the United States of which there are over 3,000, would adopt such a resolution with regard to certain provisions of the Disaster Relief Act Amendments of 1983 and we would like to submit the resolution for the record.

Senator HUMPHREY. We will make that part of the record. What would it take to get your support?

Mr. CARLSON. To consider the 75/25 cost-sharing formula we would have to go back to the NACo organization because we have a resolution which was adopted at our 1983 convention requesting 100-percent reimbursement of eligible costs.

Senator HUMPHREY. Mr. Diamond, you gave me a figure earlier in response to a question I put to another witness about what percentage local governments bear as a practical matter. You said it was about 25, 30 percent.

Mr. DIAMOND. Fifteen to thirty percent of the total Government expenditures required to repair damages.

Senator HUMPHREY. Of the total expenditures from day one?

Mr. DIAMOND. Ineligible.

Senator HUMPHREY. What percentage do local governments bear of the expenses incurred after the day of the Presidential declaration?

Mr. CARLSON. Thirty percent of the total could be incurred before eligible costs are considered.

Senator HUMPHREY. I am still not clear. In those cases where ultimately the Federal Government gets involved, what percentage of the total expenditure from day one is generally borne by governments not Federal?

Mr. DIAMOND. It would be still 15 to 30 percent after a Presidential declaration.

Senator HUMPHREY. From day one you cover 15 to 30 percent. What percentage do divisions of government, not the Federal Government, bear of the expenses incurred from the day of the Presidential declaration onward?

Mr. DIAMOND. That is what I was going to interpret for the record. At the time the disaster reaches the level of a Presidential declaration, local governments then continue to carry that substantial portion of the expenditure and that is in the form of those ineligible costs. And those costs range from 15 to 30 percent of the total local governments' expenditures required to repair those damages.

Mr. CARLSON. If the Federal Government was to grant 75 percent, the local would match that 25 percent, we had already incurred up to 30 percent of the total costs which would not be eligible for reimbursement.

Senator HUMPHREY. The Association wants 100 percent of the eligible costs, is that your position?

Mr. DIAMOND. Yes.

Senator HUMPHREY. Are you not pressing for an inclusion of other costs within the eligible costs?

Mr. MURRAY. Our position is, Senator, that up to 100 percent would certainly at the very minimum make a lot more sense and that this was the intent of Congress because to have a 75/25 arbitrary split without regard for the capability of the community would not further the national interest. There are some communities that there is no way that they could possibly come up with it. In Weld County, Colo., the contingency budget is $500,000 out of an overall budget of over $40 million.

Mr. DIAMOND. I think NACo is looking to the legislation to setting some sort of performance standards delineating which costs are eligible and ineligible from the budgetary standpoint of the Federal Government. How can we budget for those things that we don't know are going to be considered eligible and ineligible from a local government's standpoint? We need to know that.

Senator HUMPHREY. What about the provision in the bill that requires that states pay a substantial portion of the 25-percent cost share?

What is your view of that provision?

Mr. DIAMOND. I couldn't speak for the States, but I would find them hard pressed to come up with the money also like local county governments.

Senator HUMPHREY. OK. Thank you very much. We appreciate your testimony and help this morning.

Our next witness is William Sande, vice president for disaster services, American Red Cross. He is accompanied by Mr. Robert D. Vessey, national director disaster services.

STATEMENT OF WILLIAM J. SANDE, VICE PRESIDENT FOR DISASTER SERVICES, AMERICAN RED CROSS, ACCOMPANIED BY ROBERT D. VESSEY, NATIONAL DIRECTOR, DISASTER SERVICES

Mr. SANDE. We also have in the audience today, Mr. Chairman, several representatives of other member agencies of the National Voluntary Agencies Active in Disaster; Gary M. Ross, Seventh-Day Adventist, Frank Black, Southern Baptist Convention, Quentin Remein, Christian Reform World Relief Committee, John Schauer,

Church World Service, and Lt. Col. Ernest Miller of the Salvation Army.

We appreciate the opportunity to appear again before the subcommittee.

I am going to try to condense this and just hit what we consider to be major concerns.

Perhaps the Red Cross has been in a unique position insofar as looking and working with Federal disaster programs are concerned. We are participating with FEMA and other agencies in efforts to streamline disaster assistance programs. As we testified in 1981, the Red Cross "applauds those efforts and the progress that has been made, but must temper our applause with concern that this progress not be slowed or even reversed by retrenchments in related programs or procedural changes that add to or perpetuate the burdens of disaster victims seeking help they urgently need." So, with 26 more months of experience and working observations to sharpen our concerns, we want to express support for or concerns about proposals that are contained in S. 1525 in the hope that in the long run the legislation this committee and the Congress as a whole finally enact will expedite assistance for disaster victims. Specifically, our comments are as follows:

In relation to section 408 of the individual family grant program, the Red Cross said in 1973 that we believe having this program administered by the States could produce 50 different programs that varied in their timeliness and effectiveness. This has proved to be the case in many situations. We said 2 years ago, and repeat again today, that the individual family grant program is still a long way from being a model of timely delivery of assistance to disaster victims.

As a result of direct experience with these problems,, the Red Cross strongly supports proposed amendments to the Disaster Relief Act of 1974 that would provide incentives in the form of a 50 percent reimbursement to the States for administrative costs—over and beyond the 3 percent presently allowed—for those States that complete the individual family grant program in a timely manner. In light of the budgetary problems many States seem to be having today, we believe this incentive will help improve the way in which the program is carried out, especially if the grant program is closely monitored by FEMA to insure timely and effective administration.

Further, we believe that the ceiling on the amount of money available to applicants should be raised from its present $5,000 set limit to at least $7,500. The current limit has not changed since the program was written into law in 1974, although the costs of rebuilding and of replacing household contents, for which Federal grant funds are authorized, have risen considerably in the intervening 9 years.

As an organization involved not only in disaster preparedness and relief but also in supporting efforts at hazard mitigation, we support the proposed amendment "Recovery of Funds", section 316, which would authorize the Attorney General of the United States to seek reimbursement of Federal expenditures from parties whose acts of commission or omission led to the need for a Presidential declaration of an emergency or major disaster. While this has obvi-

ous implications in situations involving manmade disasters—such as nuclear powerplant accidents or chemical spills—it could also provide the basis for action against political entities whose elected or appointed officials knowingly permitted residential or other development in known flood or earthquake or other hazard areas.

In relation to hazard mitigation, we also support the amendments to section 406, which would authorize Federal participation in the cost of implementing recommendations made by hazard mitigation teams following a disaster. While this is a relatively new aspect of the Federal disaster response, we share with FEMA the concept of seeking ways to make communities safer following the disaster, so that additional suffering and cost can be reduced or ameliorated. Unfortunately, many States and communities lack the financial resources to implement such recommendations. Cost-sharing by the Federal Government could increase the practicality of post disaster hazard mitigation and, in the long run, save the taxpayers more than the initial investment. In this connection, we want to reiterate our previous statements before this and other committees in support of the national flood insurance program. If kept affordable for flood plains residents, and if its flood hazard mitigation elements have adequate funding, the NFIP can be a major force for flood-loss reductions.

S. 1525 substantially alters section 404 of the Disaster Relief Act of 1974 by eliminating the presently provided 1 year's rent-free temporary housing and substitutes a program based on the financial ability of the occupant to pay all or part of the cost of such housing. As we testified in 1981, the Red Cross agrees that the existing program may have provided rent-free housing to many disaster victims who could have paid all or part of the rentals involved, but we want to reemphasize the importance of the words, "to take into consideration the financial ability of the occupant." How this phrase is implemented is the key to equitable provision of temporary housing. We urge the committee to include in the amendment the specification that an adequate system be devised to determine the ability of the occupant to pay based on his postdisaster rather than predisaster, financial situation. This would help insure that disaster victims are fairly treated and that all other financial obligations are truly considered.

We support changing current legislation in order to give the President the right to designate a Federal coordinating officer in undeclared emergency or disaster situations. While the Red Cross response, including availability of supportive Federal programs, does not depend upon a declaration, there should be in many instances an FCO on site who can begin planning for Federal agency actions and who can coordinate such actions as are initiated even in advance of a Presidential declaration.

We urge, too, that the subcommittee look carefully at the proposed new limits on the availability of unemployment insurance for disaster victims. Considering the history of plants and business closing down permanently as the result of disaster and the current high rate of unemployment generally—it seems to us that arbitrarily limiting disaster unemployment insurance to other existing unemployment insurance programs may make sense in one locale but not another. Consideration should be given to how this is imple-

mented and whether it would add a fiscal hardship to the State government whose unemployment insurance funds are already depleted.

We are concerned about the proposal that assistance for the repair of disaster-damaged properties owned by nonprofit institutions be reduced to a maximum of 75 percent of the projected costs of repair or rebuilding. It should be kept in mind that nonprofit agencies—be they hospitals, schools, clinics, libraries, or, for that matter, Red Cross chapters—seldom have reserve funds available for capital expenditures. Having come up with the needed 25 percent of construction and replacement costs could force many agencies in the voluntary sector to reduce services, services that communities need as Government funding for health and social services shrinks. We urge retention of 100 percent funding of such repairs or replacement of facilities for nonprofit institutions.

Earlier we mentioned the fact that the Red Cross assisted the State of Indiana in implementing the individual family grant program. The Disaster Relief Act of 1974 and the proposed amendments, sections 403 and 503, provide for the Government to distribute food, medicines, and other suppliers through the Red Cross. We recommend this be expanded to include provision of other services to disaster victims so that, if desired, the Red cross could be asked, on a reimbursable basis, to implement parts of the individual family grant, temporary housing, and other programs. Our experience is that the Red Cross could thereby help expedite the delivery of services to disaster victims inasmuch as we are already on the job determining the needs and resources of many of the victims. Much of the information already being gathered could easily be transposed into Government program applications and a total assistance package developed for review and action. This would speed service to disaster victims and help the Red Cross to contain costs.

Mr. Chairman, that concludes our summary of our total statement. We thank you for the opportunity to share our concerns with the committee and we are available now or later to answer any questions the committee members may have. Thank you.

Senator HUMPHREY. Thank you, Mr. Sande.

I would like to have the Red Cross take over this whole program. I am sure you could do it more efficiently than the Federal Government can.

You indicate that the Red Cross could assist further in going beyond services which it traditionally has accepted. Can you elaborate further on that thought beyond what you said in your statement?

Mr. SANDE. Sir, we have, as I indicated in the statement, assisted the State of Indiana in administering the individual family grant program. This has helped to expedite assistance to the victims under that program. We would be willing to explore ways that we can support the Federal Government effort in declared disaster to the end that it expedited quality service to disaster victims.

Senator HUMPHREY. In the Indiana case, what did you do actually?

Mr. VESSEY. We do the case work that is required to verify whether a person is or is not eligible for assistance. The State itself makes the decision whether that family needs the assistance or

not—which we think is their responsibility. We expedite getting together the case information, the determination on estimates of damage to their home and get that to the State so that they can make a decision. I think there are other possibilities for the Red Cross to be involved and we are exploring some of those with FEMA now—part of the temporary housing program—because we already have a mechanism and essentially are already dealing with the families that need that kind of assistance. We are trying to work out an agreement. In fact, the possibility of doing that is covered in our present agreement with FEMA now and we are trying to implement it to expedite that housing for the family.

Senator HUMPHREY. How were the arrangements worked out in Indiana? Were they set up in advance?

Mr. VESSEY. Yes, We have an agreement with that state to carry out that program.

As we said in our testimony, States vary in their capability to carry out the program and sometimes the largest States have the most difficulty. In fact, California now, the State officials tell us that it is so difficult to carry, it costs them $1 for every dollar they give away and they are exploring the possibility of doing it. Some States are very good in carrying out the program.

The thing to note in the State's portion of the program is that it puts an extra burden on the Department of Social Service of the State and for them it is a small program. It means that they have to take people that are normally in other activities and put them in that program and they find a great deal of difficulty doing that.

Senator HUMPHREY. In this case again, were these Red Cross persons? Were they professionals or volunteers?

Mr. VESSEY. They are both. In terms of our volunteers, our volunteers are highly trained and experienced and they have served in many parts of the country, and for us they are professionals also. But, there are both paid and volunteer persons performing that service in Indiana and also in the country.

Senator HUMPHREY. In the case of the volunteers, were these local people, people who live in the community?

Mr. VESSEY. Yes, sir, for the most part they are. In some cases volunteers come from outside of the affected communities to also help, but the great majority of the volunteers are from the affected community.

Mr. SANDE. It is true that volunteers outnumber the paid staff members in the disaster.

Senator HUMPHREY. In this case the professionals involved were they from Indiana or from elsewhere?

Mr. VESSEY. Both. The thing that made it work in Indiana is the close association that the Red Cross chapters have with the State government and their local government. In Indiana, depending on the size of the disaster, they may need to augment with personnel from outside of the State. The burden in carrying out the program rests with the people of Indiana, which is appropriate, they know their own community.

Senator HUMPHREY. I commend you. I think it is a wonderful thing. Obviously, government at all levels seems to be lacking in flexibility and the ability to respond quickly, and it is a great thing when a private organization comes in and assists, and in fact, does

it better than some level of government. It is not surprising that often happens that way.

I realize that the Red Cross has to deal with the situation of State and local governments, but if there is anything that we can write into this legislation that would encourage State and local governments to enter into these kinds of agreements, we would be happy to do that. I would like to be able to encourage that, if possible, in Federal legislation. If you have any ideas, let us know.

Mr. SANDE. Thank you.

Senator HUMPHREY. Likewise, I thank you for your support for the bulk of the bill and for your constructive suggestions in those areas where you have misgivings.

Are there agreements in other States such as that which you have with Indiana?

Mr. SANDE. We routinely have an agreement with the Governor's office in all the States. These are updated periodically and reviewed for applicability.

Mr. VESSEY. But not specifically to carry out that part of the program, only with Indiana.

Mr. SANDE. The individual family grant program.

Mr. VESSEY. We are exploring the possibility with the State of California. I think some States have a legal restriction and that might be an impedement.

Senator HUMPHREY. Again I thank the witnesses. I hope that we will remain in touch because we hope to shape the bill finally to everyone's satisfaction, if that is possible. We will reserve the right to submit to you questions in writing, if we may. Thank you all very much.

[Whereupon, at 11:30 the subcommittee adjourned, to reconvene, subject to the call of the chair.]

[Statements submitted for the record follow:]

National Governors' Association

James R. Thompson
Governor of Illinois
Chairman

Raymond C. Scheppach
Executive Director

STATEMENT OF

NOLAN E. JONES

STAFF DIRECTOR

COMMITTEE ON CRIMINAL JUSTICE AND PUBLIC PROTECTION

NATIONAL GOVERNORS' ASSOCIATION

before the

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT

UNITED STATES SENATE

September 29, 1983

TESTIMONY REGARDING THE DISASTER RELIEF ACT AMENDMENTS OF 1983, S.1525

Mr. Chairman, I am Nolan E. Jones, Staff Director of the Committee on Criminal Justice and Public Protection of the National Governors' Association. Once again we appreciate this opportunity to discuss and comment on the Disaster Relief Act of 1974, and its proposed amendments embodied in S.1525.

The Association commends the Congress and the Administration, especially the Federal Emergency Management Agency, for their assistance and cooperation with state and local governments during emergencies and disasters. We wish to continue working with you to meet the widely varying citizen and community needs during emergency situations. It is imperative that all units of government assist citizens in their time of need, especially during disasters and emergencies.

BACKGROUND

Emergencies, by their very nature, involve elements of the unknown or unexpected and therefore require flexible management systems. Over the years, standardized procedures have evolved for frequently experienced disasters such as floods and hurricanes, but even they require special procedures when they are particularly devastating or affect unusual combinations of victims or facilities (e.g. destruction of prisons, refugee camps or industrial complexes producing dangerous commodities).

Twentieth century society, with the proliferation of hazardous materials, chemical waste sites, and urbanization and new social patterns, is creating new disaster hybrids demanding new and heretofore unplanned emergency management reactions and procedures. Three Mile Island and Times Beach are landmark examples of these developments and the fact that management of unfamiliar disasters is usually traumatic.

Since January of this year, 15 states have been affected by major presidentially declared disasters. Floods, severe storms, tornadoes, mudslides and hurricanes have taken their toll on our local, state and federal treasuries. Just a few weeks ago, Hurricane Alicia ravaged the Texas coastline in a catastrophic disaster, with costs estimated up to $1 billion.

When disasters or emergencies strike, the public expects help from their elected officials at all levels of government. Every citizen expects assistance in an orderly and efficient manner so they can begin to reconstruct their daily lives. This is one time in a person's life when government really has significance -- it touches them; it helps them; it shows compassion.

Federal, state and local governments have long worked together to bring about this help and assistance to citizens, and we must continue this cooperation. Congress took a great initiative in helping citizens during their periods of need after disasters by enacting the Disaster Relief Act of 1974, P.L. 93-288. Through this legislation, Governors have made requests and received assistance in helping their citizens.

Today, Mr. Chairman, we would like to voice our strong disapproval of several sections in the proposed amendments to the Disaster Relief Act of 1974, S.1525, and suggest some changes which we believe will improve the amendments.

First and most important is the issue of cost-sharing. S.1525 proposes a 75 percent federal and 25 percent state/local cost-sharing arrangement for facility construction and debris removal. It allows the President to "lend or advance" to states the 25 percent only after the "occurrence of concurrent, multiple major disasters in a given jurisdiction, or the extraordinary costs of a particular major disaster, and when the damages caused by such major disasters are so overwhelming and severe that it is not possible for the applicant or state to assume their financial responsibility under this Act immediately." This loan will accrue interest at a rate to be determined by the Secretary of the Treasury, and must be repaid within a timeframe established by the President.

The National Governors' Association supports the principle of cost-sharing for disaster-relief expenses. However, several questions regarding the assignment of liability must be explored and understood in more detail before Congress acts on S.1525. The issue of "net eligible cost" as referred to in Section 13(a) and (b) on pages 21 and 22, and page 24, line 4 must be defined. NGA will not support any fixed cost-sharing formula until this issue is resolved.

State and local governments must know in advance of a disaster which costs are eligible and which are ineligible for federal reimbursement. NGA believes that beyond normal operating expenses, all costs of state and local government in dealing with any declared disaster or emergency should be eligible for federal reimbursement under a joint state-federally determined cost-sharing formula.

Under any fixed cost-sharing formula, state and local costs incurred prior to a presidential declaration should be eligible for federal reimbursement. States and local units of government cover 100 percent of the costs associated with a disaster prior to designation. According to P.L. 93-288, a state must expend a "reasonable amount" of resources prior to requesting a declaration.

In some cases, resources are seriously depleted by the time a disaster is declared and an additional 25 percent would be difficult, if not impossible, to raise. Therefore, state responsibility for any share of the cost of declared disasters and emergencies should be calculated from the time of onset, not the date of declaration, subject to a final state-federal audit. NGA further believes that a cost-sharing provision should not cover contributions under other federal laws and programs that have a variety of other eligibilities and services.

The development of a cost-sharing proposal must address such basic issues as: how to reasonably limit a state's total liability; whether annual state limits should be set; and how to handle economic costs associated with multiple disasters occuring over a short period of time and costing billions of dollars. NGA believes that there should be

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provision by which the President's loan of the 25 percent could be forgiven in cases of catastrophic or multiple disasters. One way would be to allow a Governor to petition the President for forgiveness of the loan after showing that the financial conditions of the state and costs of the disaster present a major problem in repaying the loan.

The second major issue concerns the vagueness of Section 401(a) on procedures. It which states that "State and local government obligations and expenditures (of which state commitments must be a significant proportion) will constitute the expenditure of a reasonable amount of the funds of such state and local governments for alleviating the damage, loss, hardship, or suffering resulting from such disaster, including, but not limited to, the cost-sharing provisions." This phrase is nebulous. NGA feels that Congress should give more explicit guidance to those who will develop regulations to implement this legislation. States should know what constitutes "a significant proportion" or "reasonable amount," specifically how this will be determined, and what will be acceptable to the federal government, before assistance is deemed to be necessary.

Mr. Chairman, we suggest that you strike the phrase "of which state commitments must be a significant proportion," and consider the cost-sharing concept as suggested in the first section of our testimony to be the significant proportion. States will share the cost from the inception of the disaster. This commitment to share the cost should be sufficient to be considered a "reasonable amount" committed by a state.

The third issue of concern in S.1525 is Section 9, which amends Section 314 of the Disaster Relief Act of 1974 by requiring public and private non-profit facilities located in a special flood hazard area to be covered by flood insurance or face a reduction in federal assistance. This provision could be particularly troublesome to a number of facilities which were constructed in flood hazard areas years ago and to date have existed in that environment without mishap. Owners of these public and private non-

profit facilities should be: made fully aware that their facilities are located in a flood prone area, given ample time to become familiar with this new federal requirement in order to obtain coverage, and provided with some assistance, if necessary, in relocating the facility or in purchasing insurance.

The fourth issue is in Section 316, which allows the Attorney General of the United States to bring a suit against any party contributing to events resulting in a presidentially declared disaster or emergency. This is a useful amendment to the statute. However, we would suggest that the Attorney General work with state and local officials in deciding the disposition of cases resulting from this section. Further, we would caution Congress to assure that the debate on the issue clearly delineates the intent of Congress. Since Section 316 states that the Attorney General may bring a suit against any "party whose act or omissions may in any way have caused or contributed to the damage or hardship for which federal assistance is provided pursuant to this Act," it could mean that suits will be brought against governmental jurisdictions that fail to mitigate known hazards. Is it the intent of Congress that this power be used in such fashion? Such intent must be clear so that at a later date federal administrators will not be charged with violating the purpose of this amendment.

A fifth issue of concern is with Section 406, which authorizes the President to contribute up to 50 percent of the "cost of implementing hazard mitigation projects which he has determined would be cost effective and would substantially reduce the risk of future damage." It is a step in the right direction for the federal government to contribute 50 percent of the cost of implementing selected hazard mitigation projects; however, to ask a local government to provide 50 percent matching funds for such projects after having funded 25 percent of the disaster public assistance costs seems to be unwise. It would be money well spent if the federal government paid 100 percent of costs for selected hazard mitigation projects. Local jurisdictions are not going to be able

to fund these projects, particularly in the wake of an already costly disaster.

The final issue of concern, Mr. Chairman, is that Congress should express its desire for the Administration to work with state and local officials to develop workable regulations to implement this legislation. The National Governors' Association is available to assist in any way possible.

Thank you, Mr. Chairman, for giving us this opportunity to present our view on S.1525. We will be pleased to respond to any questions that you may have.

National Governors' Association

James R. Thompson
Governor of Illinois
Chairman

Raymond C. Scheppach
Executive Director

October 17, 1983

The Honorable Gordon Humphrey
Chairman
SubCommittee on Regional and Community Development
Senate Committee on Environment and Public Works
S.H. 410 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Humphrey:

On behalf of the National Governors' Association, I wish to express our appreciation for your allowing us the opportunity to testify on September 29, 1983, concerning S.1525, the Disaster Relief Act Amendments of 1983. As you could tell from our testimony, NGA has very strong feelings about amending the Disaster Relief Act of 1974.

You asked that we submit answers to three direct questions. Our response to each follows.

1. Concerning the development of a forgiveness clause in S.1525, we suggest this language to be placed on page 18, line 2, after the period following the word "advance." "However the state may request forgiveness of the loan. Request for forgiveness should be made to the President by the Governor of the state. Supporting evidence such as financial statements relating to the conditions of the state must be provided. Based upon the supporting evidence, the President may grant forgiveness of the 25 per centum share."

2. Concerning notification of individual and businesses located in a flood hazard area without insurance, please note in the report language accompanying S.1525 that Congress expects the Director of the National Insurance Act of 1968 to make a special effort to notify people in potential flood areas by commercial advertisement, local newspapers and communicating with local officials, emphasizing that assistance from the federal government will be reduced should these individuals fall victims of a flood without insurance.

3. Concerning the issue of recovery of funds, section 316 of S.1525, please note in the report language to accompany the bill, that Congress does not intend to include state and local governments in relations to the phrase on page 12, line 24, "any party whose acts or ommission may in any way have caused or contributed to the damage."

Again, thank you for allowing NGA this opportunity to testify and respond to your questions.

Sincerely,

Nolan E. Jones
Staff Director
Committee on Criminal Justice
and Public Protection.

NEJ:nb

TESTIMONY OF

WILBUR R. BUNTIN, JR.

EXECUTIVE DIRECTOR

KENTUCKY DISASTER AND EMERGENCY SERVICES

ON BEHALF OF

THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON REGIONAL AND

COMMUNITY DEVELOPMENT

OF THE

SENATE COMMITTEE ON ENVIRONMENT

AND

PUBLIC WORKS

SEPTEMBER 29, 1983

TESTIMONY ON

THE DISASTER RELIEF ACT AMENDMENTS OF 1983

Mr. Chairman, I am pleased to have this opportunity to represent the National Emergency Management Association in your deliberations on the Disaster Relief Act Amendments of 1983. The Association, which includes the emergency services directors of all the states and territories, has long been involved in the issues under consideration. The decisions to be made by your subcommittee are of vital importance for state and local governments and we appreciate this opportunity to offer comments.

Let me begin by saying that NEMA concurs with much of the change proposed in S. 1525. Though we have serious reservations about several proposed changes, we believe some parts of this bi' will make disaster assistance programs more equitable, more realistic, and more effective.

Specifically, NEMA agrees that public facilities located in known flood-hazard areas should be covered by adequate flood insurance (Section 9, page 9, line 21). Accordingly, we support proposals to reduce assistance to restore insurable, flooded facilities by the amount of benefits that would have been provided by flood insurance coverage had it been in effect. Such a policy, if rigorously enforced, should not only produce substantial reductions in disaster fund expenditures, but should strengthen the National Flood Insurance Program through broader participation. It may also encourage officials to protect public

investments with insurance covering other hazards. However, all concerned must recognize that this policy will inevitably create highly controversial and political situations when critical facilities are flooded, are not insured, and are not eligible for federal restoration funds. If adopted, this policy should be widely publicized, particularly through the National Flood Insurance Program, through Congressional offices, and through various organizations of local officials such as the National Association of Counties. This effort is necessary to assure that concerned officials are aware of these provisions and to give them an opportunity to take the appropriate, responsible action.

We also support the proposal (Section 15, page 25, line 24) to authorize use of disaster assistance funds for hazard mitigation projects that may reduce the risk of repetitive losses and damages. Provisions such as this have long been needed and we expect they will, if properly promoted and administered, achieve worthwhile results. Similar but limited authority under PL 93-288 allowed discretionary "disaster proofing" of damaged public facilities and has had some mitigative effects, as has the policy of allowing replacement in accordance with current codes and standards. Within the limits of proposed funding and the financial capabilities of state and local governments to match federal funding, this provision should encourage significant participation. It should help reduce situations in which facilities are replaced several times with disaster funds and may, in some cases, eliminate or lessen the causes of disasters.

NEMA is especially pleased with the proposal (Section 6, page 8, lines 12-13) to increase the level of federal funds for disaster preparedness improvement activities. The results achieved by increasing the federal match in this most versatile of programs will more than justify the increase in funding. This program, which predates the now-popular concept of integrated emergency management systems, has already provided notable advances in most states in preparedness planning, in testing and exercising, and in continuity of state programs. We are confident this increase in funding will improve the rate of progress and expand the areas of preparedness activity.

S. 1525 includes provisions (Section 12, page 20, line 21 and Section 13, page 22, line 10, and page 24, line 3) that would significantly reduce administrative requirements for "small projects", those estimated to cost under $25,000. NEMA strongly supports this proposal, since it will ease administrative burdens and will be of particular benefit to local governments. However, we believe that additional clarification is necessary. Unofficial discussion on this point has indicated that a "small project" is defined as an individual item of work (any single eligible facility requiring under $25,000 for repair or replacement). Under existing legislation and administrative practice, a "small project" is the total project application which is less than $25,000. We believe maximum benefits will be realized from this proposal only if "small project" is clearly defined as an individual item of work. Though this definition will impose additional oversight requirements on the states,

requirements on the states, the benefits far outweigh the disadvantages.

NEMA also supports the proposal (Section 12, page 20, line 23) to retain 100 percent funding for emergency work, as defined in S. 1525. This provision is, we believe, consistent with the concept of supplemental emergency assistance. However, we are puzzled by the provision at the end of Section 12 that makes a distinction between debris removal and all other emergency work (Section 12, page 21). It seems apparent that, in most cases, removal of debris to provide access for essential services, for recovery actions, and for the protection of public health and safety is essential and may have to precede all other emergency response activities. We believe that inserting the word "not" before the word "appropriate" in the provision will clearly distinguish emergency debris removal from debris removal needed for clean-up.

We agree that more explicit provisions (Section 11, page 12, line 20) should be established for legal action against parties who cause or contribute to events that necessitate disaster or emergency assistance. This provision is consistent with renewed emphasis on distinctions between natural and other catastrophies. It should, in many cases, result in recovery of scarce disaster assistance funds and will perhaps encourage better, more responsive use of, and compliance with, other federal programs, such as the Environmental Protection Agency "Superfund". However, we are concerned that these provisions, if carried to an extreme, might

result in legal actions against local governments for unavoidable omissions. We urge careful consideration on this point and recommend that the intent of Congress be clearly and explicitly stated. Otherwise, local jurisdictions already struggling under many problems may be subjected to unnecessary and fruitless litigation.

We appreciate the intent to assist the states with the administrative costs of the Individual and Family Grant Program, one of the most compassionate and most effective disaster aid programs. However, the proposal (Section 18, page 27, line 22) to allow reimbursement for one-half of administrative costs beyond the customary 3 percent is linked to compliance with existing time limits. In our opinion, the benefits of this proposal are considerably more apparent than genuine. In most cases these time limits can be fulfilled only in the smallest of disasters - precisely the instances in which administrative costs are smallest. These time limits, which have been recognized by the states as being unrealistic, do not reflect the complexity and level of detail that have recently been added to the Individual and Family Grant Program. This program was originally fairly simple, but it now becomes an administrative burden of notable scope. The reasonable step to take, rather than to offer such false incentives, is to improve the time limits. The incentive offered in S. 1525 can probably be achieved only when least needed.

NEMA also questions the proposal (Section 17, page 27, line 13 and Section 11, page 17, line 19) to impose interest charges for advances of the state share of the Individual and Family Grant Program and of the non-federal share of public assistance funds. While we appreciate the intent to apply businesslike practices to these programs, we do not believe this step is appropriate. It appears to be punitive, since it imposes additional financial burdens on state and local governments which already face uncontrollable and unavoidable disaster costs. NEMA has endorsed the general concept of cost sharing in these programs, but we believe reconsideration is essential on this point. Many states, including my own, and most local governments are operating only with marginal fiscal stability. To impose these costs on them when they must already respond financially to disasters is inappropriate. Further, many state and local governments must comply with constitutional as well as practical borrowing limits. These limits will in many cases simply eliminate the possibility of accepting such advances or loans. In such cases, both public assistance and the Individual and Family Grant Program will be rendered useless if these proposals are adopted. We urge careful reconsideration of these sections of S. 1525 and recommend that interest provisions be deleted in the interest of fairness to state and local governments.

These issues, however, are peripheral to the primary objectives addressed through S. 1525. We understand and appreciate the concerns reflected in the new definitions of "major

disaster" (Section 5, page 7, line 18) and "emergency" (Section 2, page 2, line 4), the revised emphasis on natural catastrophies, and clarified distinctions between the two types of Presidential declarations. We find no significant cause for alarm in these proposals, since they will not hamper federal ability to deliver timely supplemental assistance.

We are, however, deeply troubled by the certain impact of the related issues of cost sharing and state and local commitment. In addition, the question of eligible and ineligible costs (or net eligible costs) is related to these issues. The linkage of these questions as they affect the state and local governments is complex, however in our discussions with officials of the Federal Emergency Management Agency, we have been advised that these concerns over eligible and ineligible items will be addressed in revised administrative regulations. We understand that the new regulations will be more permissive and will allow reimbursement for previously ineligible costs such as state audits, use of National Guard, certain administrative costs and similar items.

It is fairly well known that NEMA has endorsed, in general terms, the concept of cost sharing. We acknowledge that this concept does not necessarily conflict with the premise of supplemental federal disaster assistance. Yet we have grave reservations about the actual impact of cost sharing as presented in S. 1525.

First, we believe that cost sharing in a fixed, unchangeable ratio (Section 12, page 17, line 12; Section 13, page 21, line 17; and Section 14, page 25, line 6) is inappropriate and inconsistent with the need to maintain the versatility necessary for this assistance program to deal with a wide spectrum of catastrophies. It is obvious, and experiences since 1974 have proved, that the circumstances of different disasters of different magnitudes in different communities justify the capability to provide different levels of assistance. The "shotgun" method characterized by fixed cost sharing denies differences among disasters. It would require the same percentage of state and local contribution in public assistance, disregarding differences in dollar amounts, overall disaster impact, and state and local abilities to find funds for 25 percent of public assistance costs. It also disregards the point that the state share of the Individual and Family Grant Program can constitute a significant contribution. In effect, S. 1525 establishes requirements for the state to fund 25 percent of both eligible public assistance and the I.F.G.P., without regard to state capabilities, to the magnitude of this 25 percent, or to the effect of ineligible costs. This approach eliminates the primary virtue of Public Law 93-288, which was the flexibility to tailor assistance provided to assistance needed.

When the topic of cost sharing was first discussed in relation to public assistance, it was represented to be a substitute for the requirement of state and local commitment

(Section 12, page 16, line 25). The commitment requirement has been given special attention since no suitable methods have been found to administer it. To date, suitable methods remain undiscovered. Though the cost sharing option was not readily accepted by the states, it was recognized as a potential solution for this commitment controversy; as a way to arrive at acceptably equitable levels of state and local contributions.

However, as written, S. 1525 incorporates absolute 75 percent - 25 percent cost sharing requirements (actually expanding them into parts of the Temporary Housing Program; Section 14, page 25, line 6) while retaining existing commitment requirements. At the same time, S. 1525 provides no clarification on the unresolved question of eligible and ineligible costs. The net effect, so far as the states can determine, is to require the states to commit some significant level of resources in order to qualify for federal assistance; then to accept responsibility for one-fourth of all approved public assistance and I.F.G.P., and then to bear all costs that may be ruled ineligible for even partial reimbursement. It is apparent that S. 1525 merely adds rigid cost sharing requirements without making any progress toward resolving the major issues that initially produced consideration of cost sharing: commitment and eligible/ ineligible items. The crippling implications for state and local governments struck by any substantial major disaster are apparent.

We urge you to reconsider these questions and recommend that cost sharing be adopted only if accompanied by elimination of commitment requirements.

Further, our concern regarding cost sharing also involves the methods that will be used to evaluate and administer these requirements, if enacted (Section 12, page 16, line 21). The administrative procedures in use have caused considerable controversy and the states strongly disagree with these methods. Specifically, the position of NEMA is that a Governor, when requesting a major disaster declaration, is and should be required only to certify that the non-federal share (25 percent) will be provided. We believe that, so long as this non-federal share is provided, federal officials need not be involved in or concerned with how it is provided. Any Governor must have the latitude to fulfill this commitment in accordance with state and local needs and capabilities. The Governor of any disaster-stricken state should not be forced to deal with such artificial and pointless concerns. Therefore, we urge the committee to delete the parenthetical entry on pages 16-17, Section 12; specifically "(of which state commitments must be a significant proportion)".

Our concern on these issues is not relieved by the proposal to permit loans or advances of the non-federal share under cost sharing (Section 12, page 17, line 11). This provision actually provides no significant relief; in part because these loans

would be available only in cases of concurrent or multiple disasters. The benefits from such loans or advances is also reduced by the specification that interest charges will be incurred. This requirement merely serves to increase the financial impact and burden of disasters on state and local government. Further, this feature of S. 1525 disregards the crucial point that many states and local governments operate under the constraints of constitutional and practical borrowing limits. These constraints may prohibit acceptance of such loans. Since no waiver of cost sharing requirements and no deferral or forgiveness of loan repayment is possible, some states and local governments may be unable to accept federal assistance. We do not believe this genuine possibility is consistent with the intent of Congress. As a result, we urge your careful reconsideration of S. 1525 provisions for loans of the nonfederal share.

In summary, we believe that S. 1525 as written endorses strong restrictions on federal disaster assistance. These restrictions, by requiring both commitment and fixed cost sharing, places inappropriate burdens on state and local governments in times when state and local resources and capabilities are already fully extended. These restrictions will seriously limit flexibility in providing federal disaster assistance. We believe better methods can be found to assure the supplemental nature of federal disaster assistance. However, if these restrictions are indeed the intent of Congress, the States will accept them in a

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spirit of cooperation, asking only that, within these constraints, federal regulations be written to assure clarity, equity and consistent administration.

TESTIMONY OF THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS
BEFORE THE SENATE COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS, SUBCOMMITTEE ON
REGIONAL AND COMMUNITY DEVELOPMENT

September 29, 1983

French Wetmore, Chairman of the Mitigation Committee of the Association of State Floodplain Managers, and Chief of Local Floodplain Programs for the Illinois Department of Transportation, Division of Water Resources, respectfully submits the following testimony on the Disaster Relief Act Amendments of 1983 (S. 1525).

INTRODUCTION

Flood disasters are responsible for approximately 90% of Federal disaster assistance payments. After a flood there is a traditional cycle of disaster assistance-reconstruction-continued development-another flood. To break this cycle and to provide a permanent reduction in flood damages, the National Flood Insurance Program (NFIP) was created by Congress in 1968.

The NFIP has two facets. On the one hand, Federally subsidized flood insurance is made available as a replacement for disaster assistance to help flood victims get back on their feet. Flood insurance transfers the majority of the cost of flood disaster relief from the general taxpayer to the 14% of the population that lives in the floodplain.

The other half of the NFIP is the local floodplain management activities that must be enacted in order to make a community eligible for the insurance. These activities are designed to ensure that all new floodplain construction and substantial improvements to existing buildings are built free from damage by the 100-year flood. At its inception it was expected that over a long period of time (at least 50 years) the NFIP would cause the replacement of existing flood-prone properties with those that will be free from flood damage.

The last 15 years of experience with the NFIP have proven that permanent reduction in flood damages needs something more than simple regulations. Unless a property is damaged at least 50% of its value, it will not be subject to the regulations requiring it to be rebuilt flood free. In addition, studies have shown that many buildings that are damaged over 50% of their value are granted variances to be rebuilt in their previous condition because of a financial or other hardship.

These experiences have shown that what is needed are additional incentives to reduce damages to existing property. Such incentives were begun at the Federal level with the flood hazard mitigation provisions of the Interagency Agreement on Post-Flood Recovery Practices and Section 406 of the Disaster Relief Act of 1974. These two documents specify that Federal, state and local planners must prepare hazard mitigation plans following floods. Such plans are to identify projects and activities to be undertaken to reduce a community's susceptibility to flood damage in the future.

Such post-flood mitigation planning has only been undertaken in the last 3 years. Evaluation of the plans and the disaster assistance experience of state flood insurance and hazard mitigation coordinators reveals three remaining needs:

1) Because only one fourth of the floodplain property owners have purchased flood insurance, there is still a heavy reliance on disaster assistance.

2) Agency requirements and a desire to conserve Federal expenditures have meant that disaster assistance funds are used only to rebuild a property in its predisaster condition. Even inexpensive and obviously cost-effective mitigation measures are neglected because the funding rules discourage them.

3) Because many worthy flood damage reduction projects have not been implemented due to a lack of funds, the cycle of assistance-reconstruction-repeated damage-more assistance continues.

THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS

The Association of State Floodplain Managers was organized in 1978 to "promote the common interest in flood damage abatement, to enhance cooperation between the various related state and Federal agencies, and to encourage and ensure new and innovative approaches to managing the nation's floodplains." Although initially composed primarily of state coordinators for the National Flood Insurance Program, the Association's membership now includes state officials from emergency services agencies and local and private people interested in floodplain management.

Much of our work is conducted by committees oriented toward specific issues. The Mitigation Committee of which I am the Chair, is responsible for working to improve activities that can be taken by a community during and following a flood to reduce property damage, disruption of services, and human suffering from the next flood.

At its annual meeting in April, the Association went on record with a resolution in support of funding for post-flood mitigation projects, which is included as Attachment 1. to this testimony. The Association's Board of Directors has also reviewed S. 1525, the Disaster Relief Act Amendments of 1983, and passed a resolution in support of the provisions which is included as Attachment 2. The Mitigation Committee also distributed a questionnaire to state flood insurance and hazard mitigation coordinators, the results of which are summarized in Attachement 3.

The results of this survey and the position taken by the Association resolutions, are the bases for our position taken on Sections 9, 13 and 15 of the proposed amendments which are hereby reviewed in detail.

Section 9

Section 9 amends Section 314 of the Disaster Relief Act of 1974 and requires that as a condition of assistance, any public or private nonprofit facility which is located in a Special Flood Hazard Area and damaged or destroyed by flooding, must be covered on the date of flood damage by reasonable and adequate flood insurance. Assistance to a facility not so covered would be reduced by the benefits which would have been received had adequate insurance been in force. The Association supports the provisions of Section 9 providing:

1. there is adequate lead time to advise owners of affected facilities of the new rule; and

2. the amount of insurance required is reasonable.

Both of these concerns are addressed in Section 9.

This provision will encourage the purchase of flood insurance which is an objective of the NFIP and most state floodplain management programs. The purchase of insurance will help shift the burden of flood relief from the general taxpayer to the owners of flood-prone properties. Those who neglect to protect themselves will be forced to suffer the consequences after a disaster declaration.

The language of Section 9 includes properties located in communities that are not participating in the NFIP. Therefore, the section also provides motivation to enroll communities in the National Flood Insurance Program and thereby increase the number of communities with floodplain management programs.

Section 13(a)

Subsection (c) requires that public or private non profit facilities that are eligible for disaster assistance shall be repaired, restored, reconstructed or replaced in compliance with Federal floodplain management and hazard mitigation criteria. As we support the floodplain management and flood hazard mitigation criteria we naturally support facilities being repaired with Federal money to be built according to those criteria.

Currently, FEMA has a procedure for reviewing applications for disaster assistance to ensure that they meet the requirements of Executive Order 11988. Section 13(a) strengthens that requirement and provides an increased role for floodplain managers and hazard mitigation coordinators to ensure that Federal disaster funds are being used wisely.

Section 15

Section 15 creates a new source of funds which would provide a 50% Federal share toward implementing hazard mitigation projects. The total Federal share is not to exceed 2.5% of the Federal estimate of grants made for permanent restoration of public and private nonprofit facilities. The language of the section appears purposely written to permit a wide range of possible projects provided they are shown to be cost-effective and to substantially reduce the risk of future damages. The projects must be identified in the 406 Plan which is prepared by the state mitigation coordinator.

The Association of State Floodplain Managers feels strongest about this section: we are very glad to see it but we would like to see a higher level of funding made possible. Let me identify a few projects that could have used this funding.

1. Following the 1979 Easter flood in Mississippi, the state flood insurance coodinator, obtained funds from the HUD Community Development Block Grant Secretary's Discretionary Fund For Disaster Assistance (Section 407). Mississippi received $4.4 million to relocate 147 houses out of the floodplain and to elevate 58 more above the flood level. Since that project was completed, all of the areas have been flooded; one of them three times. Most of the properties were not insured and therefore would not have been eligible for the only other source of relocation funding: FEMA's Section 1362.

The funding mechanism of the HUD Secretary's Discretionary Fund was also used following the 1972 Rapid City flood. However, this money was eliminated from the Block Grant program in 1981. While a few states that now administer Block Grant funds have continued a similar provision, a major disaster would greatly strain one state's allocation. Therefore, a Federal reserve such as proposed in Section 15 would be most appropriate to help hard hit areas.

2. In the 1982 Fort Wayne, Indiana flood, much of the damage was caused by sewer back-up. The Federal-State Mitigation Team proposed funding flap gates and sewer back-up valves to prevent a reoccurance of these damages. The City requested $97,000 for 93 valves which would protect approximately 800 homes. However, FEMA disaster assistance rules permitted funding of such projects only if they were in a public building that was receiving assistance funds. Accordingly, back-up valves located outside buildings (where they work best) or in the sewer system itself have not been built except where the owner could afford one.

3. After June's Colorado River flood, the Arizona hazard migitation coordinator has searched for a source of funds for a flood warning system that would permit Mohave County residents to evacuate and remove damageable property. She has had no luck to date.

4. In the December 1982 floods in Illinois, much of the damage was to basement items such as furnaces and water heaters. Flood victims were able to get FEMA disaster assistance, flood insurance claims and Small Business Administration loans to replace the damaged property. As hazard mitigation coordinator, I worked with every agency to try to find additional funding to permit people to pay the extra cost of relocating a furnace upstairs or building a new utility room above the flood level.

   Because the damages did not exceed 50% of the value of the buildings, all the agencies' rules prohibited funding such items. Therefore, properties that received several thousand dollars worth of damage have been rebuilt exactly as they were before. For want of $500 - $1000 additional funding, they will need disaster assistance the next time the flood hits.

5. The State of Missouri, following its 1982 and 1983 floods, discovered numerous problems of state, Federal and local flood fighting agencies being unable to talk to each other due to different types of radios. The state hazard mitigation coordinator would have proposed new radios to correct this problem, but he left it out of his mitigation plan after he found there was no source of funds for them.

6. After its flood in 1982, the City of Pacifica, California wanted to elevate the electrical components of three pump stations above the flood level so that they would work during a flood. The city has been unable to come up with the $100,000 needed.

It can be seen that many worthy projects can use the proposed source of hazard mitigation funding. State mitigation coordinators have often found that FEMA disaster assistance staff are equally frustrated when obviously worthy projects are unable to be built and the Federal Treasury will be drawn on in the future to repair preventable flood damage.

Our major reservation about the language in Section 15 is the limited amount of money that would be made available. There are three major types of disaster assistance made available by the Federal Emergency Management Agency: assistance to repair private property, assistance to help fund emergency operations by public agencies, and assistance to repair public and private nonprofit facilities. The formula in Section 15 calculates the money made available for hazard mitigation as only 2.5% of the Federal share of the last category of assistance. Using this formula for the 1979 Easter flood, the state of Mississippi would have gotten only $320,000 to perform a $4.4 million project. Even though the project was cost effective and has already proven its worth, very little of it would have been accomplished under the proposed funding formula.

We recommend that the ceiling of money that could be made available be raised and that the act permit FEMA to draft regulations that prevent the funds being spent on unworthy projects. There are four ways that the ceiling could be raised:

1. Base the formula on the total amount of damages eligible for assistance rather than the Federal grant's 75% share. This would increase funds available by one third.

2. Base the formula on the total amount of FEMA assistance rather than just the assistance for repair of public facilities. This would double the total funding that could be made available. It would also prevent any challenges to spending the money for mitigation projects on private property.

3. Increase the Federal share from 50% to 75% making it consistent with the rest of the disaster assistance funds.

4. Increase the percentage from 2.5% to 5% or 10%.

While this new source of funding would be very helpful for smaller projects such as those proposed in Fort Wayne and Arizona, it would be a drop in the bucket to other cost effective projects such as that implemented in Mississippi. We therefore recommend that the ceiling for funds available be raised and that the Federal Emergency Management Agency be instructed to draft strong guidelines that ensure the funds will be used in the most productive manner.

CONCLUSION:

The Association of State Floodplain Managers strongly supports new initiatives taken to increase flood insurance coverage of flood-prone buildings and to encourage flood hazard mitigation projects. Accordingly, we strongly support Sections 9, 13(a), and 15 of the Disaster Relief Act Amendments of 1983. We do recommend that the funding ceiling in for hazard mitigation projects should be increased so that more worthy projects could be supported. The extra investment now will pay off in lower Federal disaster payments or insurance claims after the next flood.

Attachments:

1. Association Resolution of April 19, 1983
2. Association Resolution of September 14, 1983
3. Results of September, 1983 mitigation committee questionnaire

ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

RESOLUTION

WHEREAS the distribution of disaster relief funds following a flood has a major impact on reconstruction in floodplains, areas which will be subject to more disastrous flooding in the future;

WHEREAS disaster relief funds should be withheld or made available in such a manner as to further the objectives of good floodplain management and to reduce an area's potential for future damage; and

WHEREAS the Association of State Floodplain Managers has always supported programs and activities that reduce flood losses and public expenditures for properties that are repeatedly damaged;

NOW THEREFORE BE IT RESOLVED by this Association that we support and recommend for passage the following sections of S 1525, "Disaster Relief Act Amendments of 1983" currently under consideration in Congress:

1. Section 9 which reduces disaster assistance payments for flooded public and private nonprofit facilities located in special flood hazard areas by an amount equal to reasonable and adequate flood insurance coverage. This provision will encourage the purchase of flood insurance which will help shift the taxpayers' burden of disaster assistance to the owners of floodplain properties and will also provide financial assistance for flooded properties when there is no disaster declaration.

2. Section 13(a) which ensures that no disaster assistance funds will be awarded for public and private nonprofit facilities unless they are repaired, reconstructed, or replaced in compliance with floodplain management and flood hazard mitigation criteria and other applicable codes. This provision will provide an increased role for floodplain managers and will mandate even better state-FEMA coordination following a flood.

3. Section 15 which authorizes 50% Federal cost-sharing toward hazard mitigation projects. This section will prove to have a great impact on disaster recovery and reconstruction operations by supporting damage reduction projects that cannot otherwise be funded. However, because the funds available will not exceed 2.5% of a portion of the disaster assistance effort, the Association recommends that the formula be revised to permit more funding of worthy projects. The extra funds expended will pay off in the future as positive steps are taken to reduce flood damage.

RESOLVED, this 14th day of September, 1983.

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ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.
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RESOLUTION

WHEREAS post-flood mitigation has proven to be an invaluable part of local and state floodplain management programs; and

WHEREAS post-flood mitigation activities will not only reduce flood losses but will reduce Federal expenditures for disaster assistance, flood insurance claims, and flood control projects;

NOW THEREFORE BE IT RESOLVED by this Association that:

1. It is recognized by the membership that securing Federal funding of post-flood mitigation activities is an important objective of this Association.

2. The Association recommends an increased level of support from all Federal post-flood mitigation funding agencies. Special attention is needed on the following:

   a. The annual budget for FEMA's Section 1362 program should be increased.

   b. FEMA should create incentives in the National Flood Insurance Program for mitigation efforts through a community rating system and financial support for building protection measures such as acquisition and floodproofing through changes in the insurance policy coverage and claims rules.

   c. Special funding is needed for implementing recommendations in post-flood mitigation reports as proposed by S. 2250.

3. The Association's Mitigation and Flood Insurance Committees will work to implement this resolution, to support and assist FEMA, and to improve the other Federal mitigation funding programs.

RESOLVED, this 29th day of April, 1983.

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SEPTEMBER, 1983, ASSOCIATION OF STATE

FLOODPLAIN MANAGERS MITIGATION QUESTIONNAIRE

Responses from the states as of September 27, 1983, to the question, "Exerpts from this year's amendment to the Disaster Relief Act, Senate Bill 1525, are attached. Do you support these provisions? If not, please state what changes you recommend."

State	Support?	Comments
Alabama		
Alaska	yes	
Arizona	yes	
Arkansas	yes	
California		
Colorado		
Connecticut		
Delaware		
Dist. of Columbia		
Florida		
Georgia		
Guam		
Hawaii		
Idaho		
Illinois	yes	should permit higher federal funding where warranted
Indiana	yes	
Iowa		
Kansas	no	Section 13(c) should be permissive, not mandatory
Kentucky		
Louisiana		
Maine		
Maryland	yes	Section 15 should allow for more that 50% Federal share
Massachusettes	yes	
Michigan		
Minnesota	yes	2.5% formula should be based on total Federal disaster assistance under Sections 403 and 405

ASFPM Mitigation Questionnaire
Results as of September 27, 1983
Page 2.

State	Support?	Comments
Mississippi	yes	
Missouri		
Montana		
Nebraska	yes	
Nevada		
New Hampshire	yes	
New Jersey	yes	
New Mexico	yes	Section 9 should affect only "reasonably insurable" public facilities
New York	yes	
North Carolina	yes	
North Dakota		
Ohio	yes	
Oklahoma	yes	
Oregon		
Pennsylvania	yes	
Puerto Rico	no	no explanation given
Rhode Island		
South Carolina		
South Dakota		
Tennessee		
Texas		
Utah		
Vermont		
Virgin Islands		
Virginia	yes	
Washington	yes	
West Virginia	yes	
Wisconsin	yes	
Wyoming		

NATIONAL
ASSOCIATION
of
COUNTIES

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202/393-6226

STATEMENT OF

NORMAN CARLSON

COUNTY COMMISSIONER

WELD COUNTY, COLORADO

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

SENATE SUBCOMMITTEE ON REGIONAL

AND COMMUNITY DEVELOPMENT

ON

S. 1525, THE "DISASTER RELIEF

ACT AMENDMENTS OF 1983"

SEPTEMBER 29, 1983

WASHINGTON, D.C.

STATEMENT OF NORMAN CARLSON, COUNTY COMMISSIONER, WELD COUNTY, COLORADO, AND CHAIRMAN, EMERGENCY MANAGEMENT COMMITTEE ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES (NACo)*, BEFORE THE SENATE SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT.

CHAIRMAN HUMPHREY AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. MY NAME IS NORMAN CARLSON. I AM A COUNTY COMMISSIONER FROM WELD COUNTY, COLORADO AND CHAIRMAN OF THE NATIONAL ASSOCIATION OF COUNTIES COMMITTEE ON DISASTER PREPAREDNESS. I AM ACCOMPANIED THIS MORNING BY WILLIAM DIAMOND, DIRECTOR OF EMERGENCY SERVICES FOR KANE COUNTY, ILLINOIS, THE VICE CHAIRMAN OF OUR COMMITTEE AND BY DONALD MURRAY, NACO'S LEGISLATIVE REPRESENTATIVE FOR PUBLIC SAFETY.

MR. CHAIRMAN, I AM PLEASED TO HAVE THIS OPPORTUNITY TO PRESENT THE VIEWS OF THE NATIONAL ASSOCIATION OF COUNTIES ON THE DISASTER RELIEF ACT OF 1974 AND THE PROPOSED "DISASTER RELIEF ACT AMENDMENTS OF 1983" AS EMBODIED IN S. 1525.

AT THE OUTSET, I WISH TO EXPRESS OUR APPRECIATION TO THIS COMMITTEE FOR CONVENING THESE IMPORTANT HEARINGS. THE EFFECTIVE PROVISION OF FEDERAL EMERGENCY AND DISASTER ASSISTANCE IS, OF COURSE, A CRITICAL CONCERN TO COUNTIES THROUGHOUT OUR NATION. COUNTIES, AS THIS COMMITTEE KNOWS, HAVE MAJOR RESPONSIBILITY FOR ALL FACETS OF DISASTER PREPAREDNESS AND ASSISTANCE OPERATIONS -- FROM COMPREHENSIVE PLANNING AND THE IMPLEMENTATION OF HAZARD MITIGATION MEASURES TO THE EVACUATION OF CITIZENS, THE ALLEVIATION OF SUFFERING AND THE PROTECTION OF LIFE AND PROPERTY.

*NACO IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN AMERICA. ITS MEMBERSHIP INCLUDES URBAN, SUBURBAN AND RURAL COUNTIES JOINED TOGETHER FOR THE COMMON PURPOSE OF STRENGTHENING COUNTY GOVERNMENT TO MEET THE NEEDS OF ALL AMERICANS. BY VIRTUE OF A COUNTY'S MEMBERSHIP, ALL ITS ELECTED AND APPOINTED OFFICIALS BECOME PARTICIPANTS IN AN ORGANIZATION DEDICATED TO THE FOLLOWING GOALS: IMPROVING COUNTY GOVERNMENT; SERVING AS THE NATIONAL VOICE FOR COUNTY GOVERNMENT, ACTING AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT, AND ACHIEVING PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

ALTHOUGH THE NATIONAL ASSOCIATION OF COUNTIES CONCURS WITH A NUMBER OF CHANGES PROPOSED IN S. 1525 I WILL FOCUS MY REMARKS THIS MORNING ON THOSE AMENDMENTS THAT WE FIND PARTICULARLY INAPPROPRIATE OR THAT REQUIRE FURTHER CLARIFICATION.

THESE INCLUDE A 75-25 PERCENT COST SHARING FORMULA FOR PUBLIC ASSISTANCE PROJECTS, THE IMPOSITION OF RIGID REQUIREMENTS TO REDUCE DISASTER ASSISTANCE FOR COUNTIES THAT FAIL TO OBTAIN FLOOD INSURANCE, NEW AND RATHER UNDEFINED AUTHORITY FOR THE ATTORNEY GENERAL TO BRING SUIT AGAINST ANY PARTY CONTRIBUTING TO EVENTS RESULTING IN A PRESIDENTIALLY DECLARED DISASTER OR EMERGENCY AND A NEW, VERY LIMITED COST SHARING ARRANGEMENT FOR IMPLEMENTING SELECTED HAZARD MITIGATION PROJECTS.

THE PRINCIPLE OF COST SHARING AND THE 75-25 SPLIT

MR. CHAIRMAN, NACo FULLY RECOGNIZES THAT THE DISASTER ASSISTANCE ACT OF 1974 WAS NEVER INTENDED TO REIMBURSE ALL COSTS INCURRED BY STATE AND LOCAL GOVERNMENTS IN TIMES OF EMERGENCY OR DISASTER. THIS CERTAINLY HAS NEVER BEEN THE CASE. THE ACT WAS DESIGNED TO PROVIDE ASSISTANCE TO THOSE STATES AND LOCAL GOVERNMENTS WHICH HAD EXCEEDED THEIR CAPABILITIES TO RESPOND TO UNUSUAL EMERGENCIES OR MAJOR DISASTERS. THUS, MOST EMERGENCY PREPAREDNESS, RESPONSE AND RECOVERY OPERATIONS ARE PROVIDED BY STATE AND COUNTY GOVERNMENTS ROUTINELY WITHOUT ANY FEDERAL REIMBURSEMENT. IT IS ONLY IN EXTRAORDINARY CIRCUMSTANCES THAT A LOCAL GOVERNMENT BECOMES ELIGIBLE FOR FEDERAL ASSISTANCE--AFTER THE GOVERNOR HAS FURNISHED THE PRESIDENT WITH INFORMATION DESCRIBING THE LEVEL OF STATE AND LOCAL COMMITMENT AND HAS DECLARED A STATE OF EMERGENCY--ONLY THEN IS THE ISSUE OF REIMBURSEMENT EVEN CONSIDERED.

SUBSTANTIAL COSTS, MOREOVER, ARE DISALLOWED EVEN AFTER A PRESIDENTIAL DECLARATION WHILE THE "REIMBURSEMENT CLOCK" DOESN'T BEGIN TICKING UNTIL THE PRESIDENT ISSUES A PROCLAMATION FORMALLY DESIGNATING A DISASTER AREA. (AS OPPOSED TO TRIGGERING REIMBURSEMENT TO THAT POINT IN TIME WHEN THE DISASTER ACTUALLY OCCURRED.) WE, THEREFORE, DO NOT ACCEPT THE ARGUMENT THAT THE PRINCIPLE OF COST SHARING REQUIRES AN ARBITRARY 75-25 SPLIT FOR PUBLIC PROJECTS WHICH HAS BEEN ADMINISTRATIVELY IMPOSED SINCE 1980. IN FACT, COST SHARTING BEGINS BEFORE THE PROVISIONS OF THE ACT ARE EVEN ACTIVATED.

THERE ALSO APPEARS TO BE NO BASIS IN THE LAW ITSELF, OR IN ITS LEGISLATIVE HISTORY, FOR ARRIVING AT A 75-25 COST SHARING FORMULA. SECTION 402(E) OF THE 1974 ACT STATES THE "FEDERAL CONTRIBUTION FOR GRANTS MADE UNDER THIS SECTION SHALL NOT EXCEED 100 PER CENTUM..." OF ELIGIBLE PUBLIC ASSISTANCE EXPENSES. GOVERNOR JAMES R. THOMPSON OF ILLINOIS, WAS CERTAINLY NOT ALONE WHEN HE QUESTIONED FEMA'S ADMINISTRATIVE INTERPRETATION IN A JULY 16, 1981 LETTER TO FEMA DIRECTOR LOUIS GUIFFRIDA:

> "I INTERPRET THIS LANGUAGE, JUST AS THE EMERGENCY MANAGEMENT AGENCY AND ITS PREDECESSORS DID IN THE FIRST SIX YEARS AFTER ENACTMENT OF THE LAW, TO MEAN THAT THE FEDERAL SHARE SHALL BE 100 PRECENT."

CONGRESSIONAL INTENT FOR 100 PERCENT REIMBURSEMENT WAS ALSO REFLECTED IN SECTION 402(F) WHICH PROVIDED STATE AND LOCAL GOVERNMENTS THE OPTION OF RECEIVING A 90 PERCENT CONTRIBUTION BASED ON THE TOTAL COST OF RESTORING OR REBUILDING ALL DAMAGED OR DESTROYED FACILITIES EVEN THOUGH THE JURISDICTION IN QUESTION WAS NOT PLANNING TO REPAIR ALL OF THE FACILITIES CALCULATED IN THE TOTAL COST ESTIMATE.

IF THE LAW IS NOT CONVINCING TO THIS COMMITTEE ON ITS FACE, THE LEGISLATIVE HISTORY PROVIDES ADDITIONAL EVIDENCE AS TO WHAT CONGRESS INTENDED.

DURING SENATE DEBATE ON THE DISASTER RELIEF ACT OF 1974 ON APRIL 10, 1974, AN IMPORTANT COLLOQUY TOOK PLACE BETWEEN SENATOR COOK AND SENATOR BURDICK, THE CHAIRMAN OF THE SENATE'S SUBCOMMITTEE ON DISASTER RELIEF, ON A PROPOSED AMENDMENT PERTAINING TO DISASTER LOANS TO LOCAL GOVERNMENTS.

SENATOR BURDICK'S RESPONSE WENT BEYOND DISASTER LOANS:

"WE CAN PAY UP TO 100 PERCENT REPLACEMENT FOR ALL PUBLIC FACILITIES, BUILDINGS, STREETS, BRIDGES, AND EVERYTHING UNDER THE SUN, OWNED BY THE PUBLIC AND ONLY WHEN THE CITY WANTS TO OPT FOR 90 PERCENT TO TAKE AN IMMEDIATE SETTLEMENT, THAT IS THE ONLY TIME IT DROPS BELOW THE 100 PERCENT FIGURE."

DURING DEBATE IN THE HOUSE ON THE CONFERENCE REPORT, ANOTHER SIGNIFICANT COLLOQUY TOOK PLACE ON MAY 15, 1974, BETWEEN CONGRESSMAN TREEN AND CONGRESSMAN HARSHA, CHAIRMAN OF THE HOUSE DISASTER SUBCOMMITTEE. THE COLLOQUY PERTAINED TO A CLARIFICATION OF SECTION 402(F) PERMITTING THE 90 PERCENT OPTION.

TO QUOTE CONGRESSMAN HARSHA:

" WE DID NOT PROVIDE FOR 100 PERCENT PAYMENTS IF COMMUNITIES ARE NOT GOING TO REBUILD THE EXISTING STRUCTURE. THIS MIGHT BE UNJUSTIFIABLY LIBERAL. HOWEVER, IF THE COMMUNITY PUTS UP THE SAME TYPE OF BUILDING, THEN THEY GET 100 PERCENT."

MR. CHAIRMAN, ASIDE FROM THE ISSUES OF CONGRESSIONAL INTENT AND HISTORICAL PRECEDENCE, A 75-25 COST SHARING FORMULA FAILS TO RECOGNIZE THE VARYING MAGNITUDES OF DISASTERS AND THE LIMITED CAPABILITIES OF LOCAL GOVERNMENTS TO COMMIT SCARCE FISCAL RESOURCES. THE LEAST THAT COULD BE DONE IS TO EXTEND THIS RANGE OF DISCRETION TO ALLOW 100 PERCENT FUNDING FOR PUBLIC ASSISTANCE PROJECTS THAT HELP RESTORE BASIC LOCAL GOVERNMENT SERVICES AND SPEED THE RECOVERY OF LOCAL COMMUNITIES FROM DISASTER INCIDENTS.

I MIGHT ADD, SENATOR, THAT A MEMBER OF OUR NACo STAFF RECENTLY RETURNED FROM A MEETING IN NEW HAMPSHIRE WHERE HE CONSULTED INFORMALLY WITH COUNTY OFFICIALS FROM YOUR STATE ON THE REIMBURSEMENT ISSUE. THE PERSONS HE SPOKE WITH ALL RECALLED THE SNOW STORM AND HURRICANE THAT STRUCK NEW HAMPSHIRE AND OTHER PARTS OF NEW ENGLAND ON FEBRUARY 6, 1978, ABOUT TWO YEARS BEFORE THE COST SHARING FORMULA WAS IMPOSED. THAT STORM, YOU WILL RECALL, DESTROYED A NUMBER OF COMMUNITIES IN NEW HAMPSHIRE INCLUDING HAMPTON BEACH, HAMPTON, NORTH HAMPTON, RYE, NEW CASTLE AND PORTSMOUTH AND CLOSED BOSTON'S LOGAN AIRPORT FOR A WEEK. THE INFORMAL REPORT HE RECEIVED WAS THAT IF IT HAD NOT BEEN FOR 100% FUNDING THOSE COMMUNITIES WOULD STILL BE A DISASTER AREA.

FLOOD INSURANCE

ANOTHER SERIOUS CONCERN NACo HAS RELATES TO SECTION 9 IN S 1525, AMENDING SECTION 314 OF THE DISASTER RELIEF ACT OF 1974. THIS SECTION REQUIRES PUBLIC FACILITIES LOCATED IN A FLOOD HAZARD AREA TO BE COVERED BY FLOOD INSURANCE OR FACE A REDUCTION IN FEDERAL ASSISTANCE. COUNTY GOVERNMENTS, HOWEVER, OFTEN LACK SUFFICIENT ENABLING AUTHORITY TO DEVELOP AND IMPLEMENT ZONING AND OTHER LAND-USE CONTROLS WHICH MAY BE REQUIRED TO OBTAIN FLOOD INSURANCE. THUS A COUNTY COULD BE PENALIZED FOR NOT HAVING FLOOD INSURANCE THROUGH NO FAULT OF ITS OWN OR BE SOLELY DEPENDENT ON THE ACTIONS OR INACTIONS OF

OTHER GOVERNMENTAL UNITS TO MEET FLOOD INSURANCE REQUIREMENTS. MOREOVER, THERE ARE A NUMBER OF RURAL COUNTIES THAT SIMPLY DO NOT HAVE SUFFICIENT RESOURCES TO DEVELOP EFFECTIVE HAZARD MITIGATION PROGRAMS. IN OUR JUDGEMENT, INCREASED FEDERAL INVESTMENT AND EXPANDED TECHNICAL ASSISTANCE MUST BE LINKED TO THIS IMPORTANT INITIATIVE.

SUITS TO RECOVER COSTS

THE PROPOSED LEGISLATION WOULD ALLOW THE ATTORNEY GENERAL OF THE UNITED STATES TO BRING SUIT AGAINST ANY "PARTY" CONTRIBUTING TO A PRESIDENTIALLY DECLARED DISASTER OR EMERGENCY. SECTION 316 SHOULD RULE OUT LOCAL GOVERNMENTS AS BEING THE TARGET OF SUCH SUITS. GIVEN THE VERY LIMITED FEDERAL FUNDS PROVIDED FOR HAZARD MITIGATION EFFORTS AND THE LEGISLATIVE HISTORY OF DISASTER LEGISLATION IN OUR COUNTRY, NACo WOULD OPPOSE THE INCLUSION OF LOCAL GOVERNMENTS UNDER THIS PROVISION.

ELIGIBILITY OR INELIGIBLE COSTS

FINALLY, MR. CHAIRMAN NACo STRONGLY SUGGESTS THAT FURTHER CLARIFICATION AND DIRECTION BE PROVIDED IN THE LEGISLATION SETTING FORTH PERFORMANCE STANDARDS THAT WOULD GUIDE THE DETERMINATION OF ELIGIBLE COSTS. COUNTIES NEED TO KNOW PRIOR TO A DISASTER WHAT COSTS THEY CAN EXPECT WOULD BE ELIGIBLE. HOW ELSE CAN WE ADEQUATELY DETERMINE OUR BUDGETARY NEEDS IN THE ABSENCE OF CLEAR GUIDANCE? WE LOOK FORWARD TO WORKING WITH FEMA AND THIS COMMITTEE IN DEVELOPING SUCH CRITERIA.

SUMMARY

AT THE SAME TIME THE DISASTER ASSISTANCE AMENDMENTS OF 1983 SEEKS TO IMPROVE EMERGENCY MANAGEMENT SYSTEMS AT THE LOCAL LEVEL, THE PROPOSED LEGISLATION ALSO IMPOSES ADDITIONAL COST SHARING REQUIREMENTS THAT WOULD

LIMIT FEDERAL RESOURCES DESIGNED TO ASSIST COUNTIES IN TIME OF PRESIDENTIALLY DECLARED EMERGENCIES AND DISASTERS. FOR THIS REASON NACo STRONGLY OPPOSES THE INCLUSION OF A 75-25 COST SHARING FORMULA IN THE NEW LEGISLATION.

COUNTIES SIMPLY ARE UNABLE TO MEET NEW REQUIREMENTS, RESPOND TO INCREASINGLY COSTLY EMERGENCY AND DISASTER OPERATIONS AND SUFFER MAJOR FUNDING REDUCTIONS AT THE SAME TIME. SENATOR, WE DO NOT BELIEVE THIS WAS THE INTENT OF CONGRESS.

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO MAKE THESE COMMENTS AND WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS.

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BOARD OF SUPERVISORS
(408) 425-2201

GOVERNMENTAL CENTER

COUNTY OF SANTA CRUZ

701 OCEAN STREET SANTA CRUZ, CALIFORNIA 95060-4069

DAN FORBUS (FIRST DISTRICT) ROBLEY LEVY (SECOND DISTRICT) GARY A. PATTON (THIRD DISTRICT) E. WAYNE MOORE, JR. (FOURTH DISTRICT) JOE CUCCHIARA (FIFTH DISTRICT)

AGENDA: 8/9/83

August 2, 1983

Board of Supervisors APPROVED	After Board Action copies mailed to	No.
County of Santa Cruz	Auditor	
Date 8/9/83 Vol 79	CAO	
By Linda Poole	County Counsel	
Deputy Clerk of the Board	Public Works	
	see below	

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: S. 1525, THE "DISASTER RELIEF ACT AMENDMENTS OF 1983"

Dear Members of the Board:

Attached is a copy of the June 23, 1983 Congressional Record regarding S. 1525, the "Disaster Relief Act Amendments of 1983." The Act, among other things, would mandate by law a required 75 percent federal and 25 percent State and/or local government split for the costs of disaster damage repairs. Under present law, there is not a statutory requirement for State or local participation. However, administratively the Federal Emergency Management Agency has imposed a 25 percent State/local match requirement.

Given the 50 year historical commitment to federal disaster assistance, the current financial condition of State/local governments in California, and the continued likelihood that we will be adversely affected by further reductions from Sacramento and Washington, D.C., it seems reasonable to oppose the requirements in S. 1525 to mandate through law a State/local government 25 percent share of the costs of disaster recovery throughout our nation.

Therefore, I recommend that the Board of Supervisors approve the attached resolution expressing our vigorous opposition to S. 1525, and further direct the Clerk of the Board to distribute the resolution as indicated.

8/9/83

THE COUNTY OF SANTA CRUZ, CALIFORNIA
BY Linda Poole DEPUTY

Sincerely,

JOE CUCCHIARA, Supervisor
Fifth District

JC:lw
Attachment

cc: Senators Cranston, Wilson, and Stafford; Congressmen Panetta and Zschau; Jack Merelman, CSAC; Matt Coffey, NACO; California Disaster Counties

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. 402-83

On the motion of Supervisor Patton
duly seconded by Supervisor Forbus
the following resolution is adopted:

RESOLUTION OPPOSING S. 1525

WHEREAS, S. 1525 has been introduced for consideration by the Senate of the United States; and

WHEREAS, S. 1525 would, among other things, mandate by law that the federal government would be limited to only 75 percent of the eligible costs of disaster damage relief efforts; and

WHEREAS, such a requirement would have tremendous negative impacts on all Americans during their time of need following a natural disaster; and

WHEREAS, S. 1525 would have crippling financial consequences for State and local governments following a natural disaster especially in their attempts to provide needed assistance and maintain vital services to effected communities; and

WHEREAS, such a law would result in a breach of a historical commitment of the federal government which heretofore has been largely responsible for providing meaningful disaster recovery assistance.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Santa Cruz, California, vigorously opposes the passage of S. 1525, and strongly urges each member of the House of Representatives and the Senate to vote "NO" on S. 1525.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 9th day of August, 1983, by the following vote:

AYES: SUPERVISORS Patton, Forbus, Moore, Levy, Cucchiara
NOES: SUPERVISORS None
ABSENT: SUPERVISORS None

JOE CUCCHIARA
Chairperson of said Board

STEPHEN M. QUONG
ATTEST: _____
Clerk of said Board

Approved as to form:

C A Carlson
County Counsel

DISTRIBUTION: Senator Cranston; Senator Wilson; Senator Stafford; Congressman Panetta; Congressman Zschau; Matt Coffee, NACO, Jack Merelman, CSAC; California Disaster Counties

American Red Cross

National Headquarters
Washington, D.C. 20006

Statement of Mr. Sande
The American Red Cross
For the Subcommittee on Regional
and Community Development
Committee on the Environment and Public Works
United States Senate
September 29, 1983

Mr. Chairman, I am William J. Sande, Vice President of the American Red Cross. With me is Robert D. Vessey, National Director, Disaster Services. Also in the audience today are several representatives of other member agencies of the National Voluntary Agencies Active in Disaster; Gary M. Ross, Seventh-Day Adventist, Frank Black, Southern Baptist Convention, Quentin Remein, Christian Reform World Relief Committee, John Schauer, Church World Service.

We appreciate the opportunity to appear again before the Subcommittee on Regional Development of the Committee on Environment and Public Works as it conducts these hearings on Senate Bill 1525 (S.1525), an act to amend the Disaster Relief Act of 1974. More than two years ago, the Red Cross presented its views during over-sight and reauthorization hearings related to that act and other legislation dealing with disaster response and the needs of disaster victims. During the intervening 26 months, our basic concerns have not changed.

The past two years have been extremely severe disaster years. The needs of disaster victims have placed heavy demands on the Red Cross as the nation's congressionally chartered voluntary disaster relief agency and on other voluntary agencies with disaster-related programs. In our efforts to meet these human needs, our budgets have been stretched to the limit. The Red Cross has just completed a special emergency fund-raising effort to ensure our continuing ability to meet our legal and moral obligations to the nation's disaster victims. Similarly, the demands and pressures on federal, state, and local government disaster-response agencies and programs have been great and came during a period when high unemployment, reduced tax revenues, and a variety of budget cuts and program retrenchments have strained state and local government resources and placed constraints on funding for needed hazard mitigation efforts.

As you know, the American Red Cross has been in the business of disaster relief for 102 years. Although the fundamental human needs created by disasters have not changed over these many years, the environmental circumstances under which the needs arise have changed many times over. In the nine-and-a-half years since the Disaster Relief Act of 1974 became law, the world of disaster preparedness and response has enlarged to include the accident at Three Mile Island and the problems created by chemical dumps such as the one at Love Canal. Additionally, dioxin has been added to the disaster lexicon in Times Beach, Missouri. We have seen the unexpected impact of the Mount St.

Helen's volcanic ash fallout on a technological and automotive society, and the flooding caused by the melting of record snowpacks in Utah, Arizona, Nevada, and California. All of these new dimensions to disaster response have added to the challenges facing Red Cross Disaster Services and the Federal Emergency Management Agency (FEMA). Right now we are working with FEMA on a number of major earthquake and hurricane-preparedness projects in anticipation of disasters that may well be greater than any hitherto faced by the United States. The role of the American Red Cross in disaster relief was formalized by Congress in June 1905, and has been reaffirmed as recently as the Disaster Relief Act of 1974. The American Red Cross is also involved, as part of the League of Red Cross Societies, in international disaster relief efforts. This is part of our congressional mandate. The Red Cross works closely with government at all levels. Our role has been further defined in statements of understanding between the Red Cross and FEMA and in working agreements with other federal and many state and local units of government. During the 1981-82 fiscal year, the latest for which we have complete statistics, Red Cross responded to more than 43,000 disaster situations in the United States and its territories. We have, of course, welcomed the expanded role of government in providing disaster assistance, since it is no longer possible for agencies supported by voluntary contributions to meet more than the most pressing emergency needs of large numbers of people affected by disaster, although the Red Cross does meet the essential additional needs of disaster victims for whom government-funded programs are

inadequate. For example, if funds provided to a family through the Individual Family Grant Program are not enough, that family is usually referred to the Red Cross for additional assistance. The Red Cross must be cost-conscious, as must this committee and the federal agencies involved in disaster. We have watched carefully the ways in which the voluntary sector interacts with the government sector in disaster preparedness and response, and how the problems of government-program implementation impact on what we do. We have shared the frustrations of both federal and state disaster-agency personnel when things don't seem to work in the way those who created the programs and the laws that govern them intended. When programs falter or funds are inadequate, the ultimate sufferer is, of course, the disaster victim whose recovery is delayed or curtailed.

Perhaps the Red Cross has been in a unique position insofar as looking and working with federal disaster programs are concerned. We are participating with FEMA and other agencies in efforts to streamline disaster assistance programs. As we testified in 1981, the Red Cross "applauds those efforts and the progress that has been made, but must temper our applause with concern that this progress not be slowed or even reversed by retrenchments in related programs or procedural changes that add to or perpetuate the burdens of disaster victims seeking help they urgently need." So, with 26 more months of experience and working observations to sharpen our concerns, we want to express support for or concerns

about proposals that are contained in S.1525 in the hope that in the long run the legislation this committee and the Congress as a whole finally enact will expedite assistance for disaster victims. Specifically, our comments are as follows:

1. In relation to Section 408 of the Individual Family Grant Program, the Red Cross said in 1973 that we believe having this program administered by the states could produce fifty different programs that varied in their timeliness and effectiveness. This has proved to be the case in many situations. We said two years ago, and repeat again today, that the Individual Family Grant Program is still a long way from being a model of timely delivery of assistance to disaster victims.

   Two summers ago, in Illinois, after flooding that occurred in Mid-June, there was a long delay in implementing the Individual Family Grant Program because the state legislature had never appropriated funds for the state's 25 percent share of the costs. It was not until well into the cold-weather season that grant applications were being processed. Right now, in California, processing of grant applications made by victims of the February floods and tornadoes is still going on at a slow pace. (By contrast, after the Fort Wayne floods, the Red Cross---which has a contract with the state of Indiana to do the casework related to this program---completed all the

applications and submitted them to the state for review and payment in about three weeks. After Hurricane Frederic, in 1978, it took the states of Alabama and Mississippi as long as 18 months to complete the processes involved in issuing grants). From the perspective of the victim, the long delays in implementing the grant program are frustrating and demoralizing. From the perspective of the Red Cross, the long wait until we know what additional Red Cross help the family may need, beyond the grant, increases administrative costs of keeping staff available in the field. It often creates a requirement for interim assistance that might not have been necessary if the grant procedure had been timely. We know that this is also distressing to FEMA, which is working to create a faster combined application and verification system that could expedite service delivery. The Red Cross is involved in the development of that system.

As a result of direct experience with these problems, the Red Cross strongly supports proposed amendments to the Disaster Relief Act of 1974 that would provide incentives in the form of a 50 percent reimbursement to the states for administrative costs---over and beyond the three percent presently allowed---for those states that complete the Individual Family Grant Program in a timely manner. In light of the budgetary problems many states

seem to be having today, we believe this incentive will help improve the way in which the program is carried out, especially if the grant program is closely monitored by FEMA to ensure timely and effective administration.

2. Further, we believe that the ceiling on the amount of money available to applicants should be raised from its present $5,000 limit to at least $7,500. The current limit has not changed since the program was written into law in 1974, although the costs of rebuilding and of replacing household contents, for which federal grant funds are authorized, have risen considerably in the intervening nine years.

3. As an organization involved not only in disaster preparedness and relief but also in supporting efforts at hazard mitigation, we support the proposed amendment "Recovery of Funds" (Sec. 316), which would authorize the Attorney General of the United States to seek reimbursement of federal expenditures from parties whose acts of commission or omission led to the need for a Presidential declaration of an emergency or major disaster. While this has obvious implications in situations involving manmade disasters---such as nuclear power plant accidents or chemical spills---it could also provide the basis for action against political entities whose elected or appointed officials knowingly permitted residential or other development in

known flood or earthquake or other hazard areas. The possibility of such legal action and fiscal penalty might be the deterrent that has been missing so far in the effort to mitigate losses caused by unwise utilization of potentially hazardous areas.

4. In relation to hazard mitigation, we also support the amendments to Section 406, which would authorize federal participation in the cost of implementing recommendations made by hazard mitigation teams following a disaster. While this is a relatively new aspect of the federal disaster response, we share with FEMA the concept of seeking ways to make communities safer following the disaster, so that additional suffering and cost can be reduced or ameliorated. Unfortunately, many states and communities lack the financial resources to implement such recommendations. Cost-sharing by the federal government could increase the practicality of post disaster hazard mitigation and, in the long run, save the taxpayers more than the initial investment. In this connection, incidentally, we want to reiterate our previous statements before this and other committees in support of the national flood insurance program (NFIP). If kept affordable for flood plains residents, and if its flood hazard mitigation elements have adequate funding, the NFIP can be a major force for flood-loss reductions.

5. S.1525 substantially alters Section 404 of the Disaster Relief Act of 1974 by eliminating the presently provided one year's rent-free temporary housing and substitutes a program based on the financial ability of the occupant to pay all or part of the cost of such housing. As we testified in 1981, the Red Cross agrees that the existing program may have provided rent-free housing to many disaster victims who could have paid all or part of the rentals involved, but we want to reemphasize the importance of the words, "to take into consideration the financial ability of the occupant." How this phrase is implemented is the key to equitable provision of temporary housing. We urge the committee to include in the amendment the specification that an adequate system be devised to determine the ability of the occupant to pay based on his postdisaster rather than predisaster, financial situation. This would help ensure that disaster victims are fairly treated and that all other financial obligations are truly considered.

6. We support changing current legislation in order to give the President the right to designate a Federal Coordinating Officer (FCO) in undeclared emergency or disaster situations. While the Red Cross response, including availability of supportive federal programs,

does not depend upon a declaration, there should be in many instances an FCO on site who can begin planning for federal agency actions and who can coordinate such actions as are initiated even in advance of a Presidential declaration. Three Mile Island is a good case in point; federal support for evacuation planning was minimal during the critical period. We believe also that the proposed definitions related to emergencies and major disasters should be expanded to include nuclear accidents and chemical spills. The proposed definitions also include fires and explosions, either of which could lead to nuclear accidents and chemical spills, but would exclude situations such as Love Canal and Times Beach where neither a fire nor explosion was involved.

7. We urge, too that the subcommittee look carefully at the proposed new limits on the availability of unemployment insurance for disaster victims. Considering the history of plants and business closing down permanently as the result of disaster and the current high rate of unemployment generally - it seems to us that arbitrarily limiting disaster unemployment insurance to other existing unemployment insurance programs may make sense in one locale but not another. Consideration should be given to how this is implemented and whether it would add a fiscal hardship to the state government whose unemployment insurance funds are already depleted.

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8. We are concerned about the proposal that assistance for the repair of disaster-damaged properties owned by nonprofit institutions be reduced to a maximum of 75 percent of the projected costs of repair or rebuilding. It should be kept in mind that nonprofit agencies---be they hospitals, schools, clinics, libraries or, for that matter, Red Cross chapters---seldom have reserve funds available for capital expenditures. Having to come up with the needed 25 percent of construction and replacement costs could force many agencies in the voluntary sector to reduce services, services that communities need as government funding for health and social services shrinks. We urge retention of 100 percent funding of such repairs or replacement of facilities for non-profit institutions.

9. Earlier we mentioned the fact that the Red Cross assisted the state of Indiana in implementing the Individual Family Grant Program. The Disaster Relief Act of 1974 and the proposed amendments (Sections 403 and 503) provide for the government to distribute food, medicines, and other supplies through the Red Cross. We recommend this be expanded to include provision of "other services to disaster victims" so that, if desired, the Red Cross could be asked, on a reimbursable basis, to implement parts of the Individual Family Grant, Temporary Housing, and other programs. Our

experience is that the Red Cross could thereby help expedite the delivery of services to disaster victims inasmuch as we are already on the job determining the needs and resources of many of the victims. Much of the information already being gathered could easily be transposed into government program applications and a total assistance package developed for review and action. This would speed service to disaster victims and help the Red Cross to contain costs.

There is ample precedent for the government to utilize the resources of the Red Cross in this way. During the Indochinese and Cuban refugee projects, the Red Cross undertook to provide support services under partial cost-reimbursement contracts with the federal agencies or task force involved. Currently, the Red Cross is a participating agency in the emergency food and shelter programs established by the Congress in PL 98-8. Red Cross Disaster Services has had other contracts with FEMA. In each instance, the government was utilizing the expertise of the Red Cross, with the Red Cross accepting reimbursement because the specific actions being performed were outside the normal disaster programs for which public contributions are sought and given.

This has been a long statement, Mr. Chairman, but it has been necessarily so because we want to share with the committee all of our concerns about the needs of disaster victims and how they will be met under the proposed amendments. We thank you for the opportunity to share our concerns with the Committee and are available now, or later, to answer any questions the Committee members or their staff may have. Thank you again for the opportunity to be with you today.

TESTIMONY OF THE HONORABLE BOBBI FIEDLER

BEFORE THE

SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT

September 29, 1983

MR. CHAIRMAN, I appreciate the opportunity to appear before the Senate Subcommittee on Regional and Community Development about S.1525, a bill to amend the Disaster Relief Act of 1974.

Specifically, I want to let you know of my support for the provision in the bill that gives the Federal Emergency Management Agency (FEMA) the authority to advance funds to affected localities that would permit them to meet the local share obligations imposed by FEMA and placed in statute by another section of this legislation.

This matching requirement, already instituted in practice by FEMA, has placed a large burden on local governments affected by disasters. It is unlikely that local governments will have sufficient reserve funds to cover the totally unanticipated costs of disaster repair, or will have the capability to readily raise sums ranging into the millions of dollars. I believe that the federal government should stand ready to assist in these instances by advancing the local share in cases of major disaster.

While the bill before the Subcommittee does permit such an advance of funds, I would urge the Subcommittee to consider substitution of language included in a very similar bill reported out of this Subcommittee and passed by the full Senate during the last Congress. In that legislation, S. 2250, the authority to advance funds was accompanied by a provision that made such a loan interest free for two years. I believe that provision

is superior to the one contained in this bill because it provides an incentive for quick repayment by local governments, as well as reducing costs incurred by a local government if they are forced to borrow from the federal government.

I'd like to take this opportunity to make some general comments about how the federal disaster mechanism functions, from the perspective of one California county. I'm sure that you're all aware of the severe storms that plagued California during the past winter. One of the most severe storms resulted inmillions of dollars of damage to Ventura County, part of my Congressional district, and devastated some of the existing flood control systems in the area. As a result of this storm, the County was made part of a Presidentially-declared disaster area.

Everybody assumed that when the rain ended and the waters receded, the worst of the problem was over. In the intervening months since the storm, I believe that most county officials would tell his Subcommittee that the disaster still continues. The only difference is that this part of the disaster is man-made - or should I say federal government made?

One major problem the county is experiencing in applying for federal assistance is the timeliness of consideration by applications for FEMA assistance. The county submitted its applications to FEMA on March 15, 1983. FEMA's initial field review was not concluded until May 27, 1983. The county did not receive any decision from FEMA about assistance until August 23, 1983, despite numerous phone calls and letters. At that time, a determination was given on about 20% of the funds requested. As of September 28, 1983, final FEMA determination has not been completed on the balance of the funds requested.

This situation places the county in a difficult position. Until

the FEMA review is complete, the county does not know which repairs will be eligible, approved and funded. FEMA's response to this dilemma is a simple one. The county has been advised not to wait for FEMA approval for projects, but to go ahead and make repairs if they're necessary.

That advice presents another dilemma to the county. Ventura County does not have the money to make necessary repairs without federal assistance, and contrary to the attitude so often adopted here in Washington, the county will not spend a huge sum of money it doesn't have and can't hope to raise in the near future.

(To give an idea of the severity of the shortfall, Ventura County's Floor Control Zone 3 sustained damages totaling $9,000,000. Property tax revenues to that flood control zone for FY '84 are estimated at only $798,000.)

In addition to the question of timeliness of review by FEMA, the county has experienced an even more serious problem with FEMA's decisions about exactly what repairs are eligible for federal cost sharing. Preliminarily, FEMA has informed county flood control officials that it will not participate in repair of facilties which protect only agricultural lands. In the case of affected repairs in Ventura County, many of the flood control systems to be repaired were originally constructed by the Soil Conservation Service to protect agricultural land. It seems inconsistent to me that flood control systems built by the federal government to protect agricultural land aren't eligible for repair assistance from the federal government because the systems protect agricultural land.

I would argue that agricultural land <u>should</u> be protected. The area in Ventura County affected by this flood is some of our nation's richest agricultural land, and with triple cropping, produces a nationally significant yield of vegetables. Because of the time necessary to rehabilitate

the land after flooding, six crops may be lost as a result of this single flood. If necessary repairs are not made, the land my be lost again, even before rehabilitation can be completed. A possible result of that would be increased national food prices.

In one instance, application of this FEMA policy has resulted in a preliminary determination to allow claims for repairs to one side of a channel (the urbanized side) and to deny approval for repairs to the other side of the same channel, bordered by agricultural land.

FEMA has also made a preliminary decision to refuse participation in repairs in instances where simple replacement of the damaged system will not mitigate future flooding in the opinion of FEMA. Unfortunately, the repairs required by FEMA to insure their participation are so costly that the county cannot afford their 25% share of those repairs. Additionally, what if the county had gone ahead and made the necessary repairs, as suggested by FEMA, relying on FEMA's eventual approval of the projects for financing only to learn that FEMA would not approve replacement, but required mitigation instead?

The county is not blind to the flood control problem it faces. It has been soliciting federal support for a major flood control project to solve the long-term flooding problems in this area for more than a decade. A Corps of Engineers study, concluded in 1974, indicated that the necessary project did not have a sufficient cost-benefit ratio to warrant construction. As a result of this recent flooding, I have testified in support of funding for a new study of the problem by the Corps, and the first phases of that study are underway. Initial estimates for a project that would protect against the results of a 100 year storm already exceed $30,000,000.

Clearly, Ventura County cannot sustain the cost of such a project alone. Yet, when the county seeks assistance with the problem, one arm of the

federal government (the Corps of Engineers) decides that a permanent solution to the problem is not cost effective. Now, another arm of that same federal government (FEMA), proposes to tell the county that it won't help repair flood damage because the County hasn't made sufficient mitigation efforts and indicates that the process to obtain authorization and funding for a Corps project is too lengthy and unsure.

All of this leaves Ventura County facing a series of impossible choices. The county can make the necessary repairs, but it can't pay for them. If the county does not make the repairs because it doesn't have the money to do the job, the county will be in violation of agreements it has made with the federal government to maintain several flood control systems built by the federal government. Additionally, if the County fails to make repairs, it may become financially liable for damages that occur because necessary repairs weren't made.

Historically, the federal government has provided major assistance to areas that have suffered major natural disasters. I believe that this practice exemplifies one of the things that is finest about our system of government - our willingness and ability to band together in a crisis and help the unfortunate. Efforts by FEMA to reduce program costs combined with the 25% local share requirement may result in local governments bearing fully 50% of the costs of a major disaster - a burden that local governments simply cannot sustain.

I urge the members of the Subcommittee to keep before them the problems of local governments as they consider changes in the federal disaster assistance program.

BALTASAR CORRADA
RESIDENT COMMISSIONER, PUERTO RICO

RAUL TORRES-VIERA
ADMINISTRATIVE ASSISTANT

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TESTIMONY OF HON. BALTASAR CORRADA
RESIDENT COMMISSIONER FROM PUERTO RICO

BEFORE THE SUBCOMMITTEE ON REGIONAL AND COMMUNITY DEVELOPMENT
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

SUBMISSION FOR THE RECORD

November 14, 1983

Mr. Chairman and Members of the Subcommittee, I would like to express my views, today, in relation to the "Disaster Relief Act Amendments of 1983", Senate Bill 1525, which was introduced in the Senate on June 23, 1983 and is being considered by this Subcommittee.

As the elected representative to the United States Congress of the 3.2 million American citizens living in Puerto Rico, I want to convey to you my concern about this legislation.

I believe that S.1525 passed as proposed, will definitely cause harm to Puerto Rico, our State Government, and our people.

I am well aware of the need to revise the Disaster Relief Act of 1974 in order to improve its capabilities and effectiveness when dealing with emergencies and disasters.

Nevertheless, to achieve these goals Congress should give careful consideration to the particular circumstances and realities of each State including Puerto Rico.

Puerto Rico has a semi-industrialized economy. Its economic development is well ahead of most Latin American and Caribbean countries. However, when compared with the economies of the fifty States, the result is completely different.

Puerto Rico's per capita income is only $3,900 in comparison to Mississippi, the poorest state of the Union, which has $8,000 per capita and the United States as a whole at $9,800 per capita. The Island's unemployment rate for 1982 was 21% while the Nation's rate was 9.5% and Michigan, the state suffering the highest unemployment, had 15.5% unemployment. In addition Puerto Rico suffers a population ratio of 935 persons per square mile, one of the highest in the world, while the overall United States ratio is merely 67 persons per square mile. That figure would rise to 1150 persons per square mile if the population of the entire world moved to the United States mainland.

Furthermore, Puerto Rico's location in the Caribbean makes it particularly vulnerable to natural disasters such as hurricanes, floods and earthquakes. Puerto Rico has been hit by 12 hurricanes since 1870. The hurricanes of San Ciriaco on August 8, 1899 and San Felipe on September 13, 1928 caused enourmous damages to life and properties in Puerto Rico and throughout this century we have been greatly affected not only by windstorm but also by severe floods as

a result of rainstorms associated to hurricane and other weather conditions. The open ocean to our east is the spawning ground of tropical storms that frequently grow to hurricane intensity with accompanying high winds and heavy rainfall.

The Caribbean is also known as a seismically active area. There have been numerous high and low shallow events near and on the Island.

Taking into account Puerto Rico's economic, geographic and atmospheric realities it becomes easily understandable why the Disaster Relief Act Programs, as administered by the Federal Emergency Management Administration (FEMA) play such a key role in our ability to respond and cope with these unexpected and disastrous events.

From 1967 to 1981, $214 million have been utilized for disaster relief. Of that amount the Federal Government's share has been $161 million and Puerto Rico's share $53 million. The local share for disaster relief normally comes from a State Emergency Fund to which $1.5 million of unappropriated surplus funds are transferred each year. The maximum level ever reached by the fund in a given year has been $8.5 million. Presently, the total fund resources are committed to the repayment of the federal advance of $18 million for the emergency response to Hurricane David. Thus, the Emergency Fund will not accumulate funds again until FY 1986.

In order to minimize future disasters, the Government of Puerto Rico has recently authorized the expenditure of $36 million from local funds for a five-year program to relocate some 1,400 families living in areas exposed to high flood risks in accordance with the Flood

Hazard Mitigation Plan for areas of the coastal floodplain of the Loiza River. This project, the largest single plan undertaken entirely with local funds, includes relocation of families to new sites, construction of new housing and protective dikes affecting three municipalities.

Taking into consideration the above stated facts, my concern about the impact that this legislation will have upon Puerto Rico will appear more evident.

In order to provide the Subcommittee with alternatives that will either eliminate or mitigate the problems this legislation poses to Puerto Rico I will make the following general and specific suggestions to that effect.

Section 4 of the bill repeals Title VIII of the Public Works and Economic Development Act of 1965, as amended. Even though this seems to be justified due to the fact that said Title was never made operative, the Economic Development Administration (EDA) is still functional at a lower level of activity. To repeal this Title means to preclude the possible utilization of this program if it is needed again to respond to the economic conditions of the Nation. I feel that to retain statutory authority could be useful if that situation arises in the future.

Section 6 of the bill adds two new elements to the contents of the State Integrated Emergency Management System (SIEMS), which are the evaluation of natural hazards and a plan or program to mitigate such hazards. To implement these two elements, an enormous amount of

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work and interangency coordination is needed at the State and local levels. It also authorizes an increase in funding to maintain the State Integrated Management System (SIEMS) from $25,000 to $50,000. I feel that this level of funding is not adequate for the tasks required. Based on the experience Puerto Rico has had with the preparation of its hazard mitigation programs related to flooding, it will take at least two years to properly identify and evaluate potential natural hazards.

The hazard mitigation program will require, in addition, extensive planning particularly at lower levels of government where specific skills may not be available and definitely will be more difficult to find with the proposed levels of funding.

Section 9 of the bill will deny Federal aid to repair public or private nonprofit facilities to the extent that such facilities should be covered by flood insurance. Compliance with this section will substantially burden State and local governments mainly because of their particular structure, powers and limitations. The Federal Insurance Administration requires a separate application and a separate premium payment for each insured building. Under this provision, Puerto Rico's state and local governments, owners of hundreds of public buildings including schools, hospitals and others, will definitely be affected if they are required to file individual applications and pay individual premiums. These administrative tasks will require time and additional funding in order to comply with this new requirement.

Although Puerto Rico will be studying the possibility of establishing a self-insurance program for State owned properties, this bill should provide for a blanket coverage of all buildings owned by a single agency or institution and for all buildings at a single site, including large private or quasi-public institutions.

Likewise, a phase-in period of three to five years for the flood insurance participation should be included to provide for the time needed to perform all the administrative tasks involved. I am sure other jurisdictions may be facing a similar situation.

Section 12 presents two particular changes that will cause problems to State and local government.

As proposed, Section 401A (a) includes a clause establishing that a State's commitment in response to a disaster must constitute "a significant proportion" of the combined commitment of the State and local governments involved. It must constitute an "expenditure of a reasonable amount of the funds of such State and local governments for alleviating the damage... including, but not limited to, the cost-sharing provisions..." Given the existing jurisdictional and economic situations, the Island's share will almost always be much higher than that of the local governments in Puerto Rico, with the possible exception of the 3 or 4 largest cities. I believe it desirable to establish guidelines for defining what constitutes a "reasonable amount" rather than leaving it to be determined either by regulations or on a case by case basis.

The requirement of Section 13 and 14 for a minimum local contribution of 25 percent of the emergency costs, including debris removal, is of great concern, particularly in view of the frequency and magnitude of disaster events. Section 12 authorizes the President to advance funds for the local 25% share of emergency costs and mandates repayment of such advance with interest. Under Section 17, similar advances may be made to cover the state share of emergency grants to families and individuals, also to be repaid with interest at current Treasury rates. However, the bill provides for a delay of two years before repaying the advance under Section 17 amd not for other sections. I believe there should be a uniform approach for the repayment of such advances, preferably after proposed Section 17 of the Bill. This delay in the repayment allows the State to recover from the disaster without overburdening its economy.

Given the potential for continued economic problems in Puerto Rico and the recurrence of natural disasters in the area, I suggest your consideration of the following options to this Section.

First, to defer interest payments for a period not shorter than five years.

Second, to reduce interest rates below the current market rate.

Third, to waive the payment of interest and/or the repayment of the local matching share under special circumstances or upon a showing of severe hardship to the local economy.

Section 13 provides for Federal assistance to repair or reconstruct public or private non-profit facilities. However, Section 402 of the Disaster Relief Act of 1924 which allowed for flexible funding in the event a State or local government determined that it was not in

the public interest to repair or reconstruct according to prescribed criteria, appears to have been eliminated. A provision should be included in the bill that would permit a State or local government to replace a damaged facility in a location that satisfies the flood-plain management regulations if such government finds this action in the public interest. This flexibility will allow the State to spend the allocated monies in the most beneficial and cost-efficient way. The provision of Section 15 of the bill that authorizes a Federal contribution of 50 per cent of the cost of implementing a hazard mitigation project should be more directly related to the other provisions, and should indicate whether the 50 per cent cost figure includes the 75 per cent allocation for reconstruction and repair of the original structure. I believe that the total amount that can be allocated to implementing hazard mitigation plans should be increased from the 2.5 per cent provided in the bill to 15 per cent.

My comments on this legislation have been formulated after extended discussions with State Government officials on this matter. I am convinced that without added flexibility, this legislation will cause harm to Puerto Rico and to other States when responding to a natural disaster. I am confident that you will give your best consideration to the concerns I have expressed and will take the necessary measures to mitigate the negative impact of this bill.

Attachment 1

PUERTO RICO'S EXPOSURE TO DISASTER SITUATIONS
AND ITS ABILITY TO FUND EMERGENCY RESPONSE AND RECOVERY MEASURES

The Island of Puerto Rico is situated at Latitude 18° North, Longitude 66° West, between the Atlantic Ocean and the Caribbean Sea. Puerto Rico generates considerable ocean shipping, and is skirted, particularly on the west, by ships travelling north-south between the mainland United States and points in the Caribbean including the Panama Canal. The open ocean to the east is the spawning ground of tropical storms that frequently grow to hurricane intensity, with accompanying high winds and heavy rainfall. The Island is close to the Puerto Rico Trench, a feature created by the juncture of two of the earth crust's major tectonic plates. The island's land form consists of a central mountain range with steep slopes, broad coastal plains on which much development has occurred, and many small river basins. Winds are generally from the northeast. Much of the normal rain fall occurs as brief, intense showers. Because of the weather effects of the mountains, most of the rain falls on the north slopes, and the south coast of the Island receives very little rainfall.

Under these conditions, the Island is exposed to the following kinds of disaster situations:

Earthquakes
Hurricanes
Floods, including coastal storm surges and flash floods
Tsunamis
Droughts
Spills of oil and other products
Explosions and fires

Appendix 1 describes the situation with regard to earthquakes (including tsunamis) and hurricanes, and contains a chronology of the major events. The balance of this paper will touch on the ability of the Commonwealth government to respond to all types of situations, with special reference to the costs involved.

Background Paper - 2

A. Chronology of Emergency Expenditures

An examination of the Governor's Executive Budgets submitted annnually to the Legislative Assembly for the period 1967 through 1981 reveals that approximately $161 million was expended in emergency payments for all kinds of disaster situations. Federal funds accounted for almost $109 million of these payments. Disaster situations related to flooding accounted for 93 per cent of the total, or $150 million, while drought accounted for less than 5 per cent. Almost all Federal funds were related to flooding, with 92 per cent of the total of $108 million going to Hurricanes Eloise (1975) and David (1979). Of the Commonwealth expenditures, 78 per cent were for flooding, 15 per cent were for drought, and the balance were for a variety of special situations. These included special spraying to prevent the spread of dengue fever, special police protection related to serious strikes, other special police and National Guard costs related to the Panamerican Games of 1979, and the cleanup of oil spills. Commonwealth emergency fund payments include funds advanced by the Federal government against the local matching share of costs related to Hurricane David. The basic data for this discussion are found in Table 1.

Although the Executive Budget uses relatively consistent reporting procedures, the current format of a consolidated budget depicting all public expenditures for operations and capital improvements was instituted only in Fiscal Year 1977. It is possible that the reporting for prior years may be incomplete, since investment in flood control structures as well as stream cleaning were reported under the Emergency Fund. These activities are now conducted within the Department of Natural Resources, and are shown under the capital improvements element of the budget.

Table 1

EXPENDITURES FOR EMERGENCIES, FY 1967-FY 1981
Commonwealth of Puerto Rico
($000)

Fiscal Year	Commonwealth Funds				Federal Funds			GRAND TOTAL
	Drought	Flooding	Other*	Total	Flooding	Other**	Total	
1967	61.3	2.2	-	63.5	-	-	-	63.5
1968	4362.8	9.3	367.8	4739.9	-	-	-	4739.9
1969	863.3	211.7	102.4	1177.4	-	-	-	1177.4
1970	1.7	1494.3	.4	1496.4	-	-	-	1496.4
1971	434.1	5215.7	.5	5650.3	3021.9	-	3021.9	8672.2
1972	150.0	2193.9	-	2343.9	2632.5	-	2632.5	4976.4
1973	721.8	1276.2	449.2	2447.2	850.4	-	850.4	3297.6
1974	300.0	833.2	608.9	1742.1	303.1	-	303.1	2045.2
1975	-	1847.6	-	1847.6	1187.1	-	1187.1	3034.7
1976	-	1690.2	-	1690.2	25280.7	-	25280.7	26970.9
1977	395.0	822.5	8.5	1226.0	2232.0	-	2232.0	3458.0
1978	615.0	3028.6	500.0	4143.6	1070.9	70.0	1140.9	5284.5
1979	-	2861.5	53.0	2914.5	185.7	150.0	335.7	3250.2
1980	-	20158.0	554.0	20712.0	64008.5	-	64008.5	84720.5
1981	-	-	1144.0	1144.0	7649.8	-	7649.8	8793.8
TOTALS	7905.0	41644.9	3788.7	53338.6	108422.6	220.0	108642.6	161541.2

Source: Executive Budget submitted by the Governor to the Legislative Assembly (Emergency Rehabilitation Funds for Disaster Areas)

Notes: * Includes special spraying during dengue epidemic, special police during strikes, special police during Pan American Games, oil spill cleanup

** Includes oil spill cleanup (Zoe Colocotronis)

BLO: 30 July 1982

Background Paper - 4

B. State Emergency Fund

An Insular Emergency Fund was created pursuant to Law 33 of 28 April 1932, which reflected concern with the effects of Hurricane San Nicolas. The latest amendment to the law, via Law 91 of 21 June 1966, increased the maximum balance to $20 million. Under the law, the Secretary of the Treasury is required to transfer $1.5 million of unappropriated surplus funds subject to the General Budget to the Emergency Fund at the close of each fiscal year. The Governor may direct the transfer of additional surplus funds at his discretion.

An analysis has been made of Emergency Fund balances for the period from FY 1976 through FY 1982. The data are presented in Table 2. Information was taken from the Governor's Executive Budget as submitted to the Legislative Assembly at the beginning of each calendar year. During FY 1976 and 1979, the Governor directed that additional sums be transferred to the Fund, in relation to Hurricanes Eloise and David. During the other five fiscal years the standard $1.5 million was transferred. However, the Fund has never attained the maximum level of $20 million set by law. Its maximum has never reached $9 million.

The resources of the Fund are invested in monetary instruments that can be converted to cash rapidly, as a need occurs. These investments have paid as much as $300,000 annually into the Fund. At the present time, the total Fund resources are committed to the repayment of the Federal advance of $18 million for emergency responses to Hurricane David. Thus, the Emergency Fund will not start to accumulate funds again until FY 1986.

The data available do not permit a relationship to be traced between the payments from the Fund and the total of emergency expenditures reported in the budget documents.

Table 2

STATUS OF DISASTER EMERGENCY FUND
Commonwealth of Puerto Rico
($000)

Element	Fiscal Years 1976	1977	1978	1979	1980	1981	1982
Balance forward	1768.4	6530.3	5466.6	3489.9	4067.7	4679.2	2944.2
Income							
General Fund	4500.0	1500.0	1500.0	4500.0	1500.0	1500.0	1500.0
Interest	106.3	220.1	258.4	227.4	300.0	300.0	300.0
Anticipation	424.1	240.3	408.4	87.6	311.5	350.0	350.0
Other sources	47.8	59.4	-	-	-	-	-
Donations*	407.9	-	-	-	-	-	-
Total Resources	7254.6	8550.2	7633.5	8304.9	6179.2	6829.2	5094.2
Expenditures							
Emergency	724.3	1045.0	4143.6	4237.2	1500.0	-	-
Anticipation	-	2038.6	-	-	-	-	-
Reimburse FEMA	-	-	-	-	-	3885.0	3885.0**
Total	724.3	3083.6	4143.6	4237.2	1500.0	3885.0	3885.0
Balance forward	6530.3	5466.6	3489.9	4067.7	4679.2	2944.2	1209.2

Source: Executive Budget submitted by the Governor to the Legislative Assembly

Note: * Public contributions for Hurricane Eloise

** Fund balances are not being maintained until FEMA advance for Hurricane David is reimbursed (5 payments of $3885.0)

BLO: 30 July 1982

Background Paper - 6

C. Responsibility for Emergency Management

The Governor of Puerto Rico carries the primary responsibility for all aspects of emergency management. The State Director of Civil Defense is responsible for coordinating all activities related to responses to an emergency situation. If a Federal disaster is proclaimed by the President, the Governor's Representative becomes the liaison between the FEMA Director and all Commonwealth activities.

Executive Order 3669 of 22 August 1979 sets forth the responsibilities of all agencies of the Commonwealth government and its public corporations for both local and Federal disasters. The Executive Order provides that the Department of Natural Resources shall be responsible for flood hazard mitigation efforts when required under a Federal Disaster Assistance Agreement. Such an agreement was signed by the Governor on 7 September 1979, after Hurricane David.

The Department of Natural Resources had already initiated an evaluation of coastal flooding situations as an element of its Coastal Zone Management Program (CZMP), which was accepted by the U.S. Secretary of Commerce in 1978. Funding for administration and implementation of the CZMP started in October 1978. An Overview of Coastal Flood Hazards and Responses in Puerto Rico had already been prepared by the time of Hurricane David. A special supplement was added to report on Hurricane David and Tropical Storm Frederick, which followed within the same week. Coastal Zone Implementation funds were used during the following year to prepare a series of hazard mitigation plans, for which the Department staff was aided by an interagency task force involving Federal, Puerto Rico and municipal officials and specialists.

Background Paper - 7

D. Hazard Mitigation Plans

The flood hazard mitigation unit has a continuing work program aimed at producing a hazard mitigation plan for each area at risk in the Island. The group cooperates with the State Office of Civil Defense, and with local civil defense staff, in the preparation of specific area mitigation plans. The materials prepared for the National Flood Insurance Program are also received from the Puerto Rico Planning Board and taken into account.

Subsequent to the initial publication, the Puerto Rico Flood Hazard Mitigation Plan, in which priorities for consideration were identified, the unit began to produce area mitigation plans. The most seriously affected areas - Rio Grande de Loiza and Rio la Plata - were surveyed. Mitigation plans involving the removal of over 1,000 families from areas at risk in the municipality of Carolina have been initiated with the assistance of the Department of Housing.

A special effort has been initiated to provide for some 12,000 persons who live in an area on the east coast of Puerto Rico that is exposed to severe risk from hurricane storm surges. Public awareness meetings have been held in the community, and the hazard unit is assisting Civil Defense to develop an evacuation plan. The completion of other, similar mitigation plans is scheduled during 1982 and 1983, to cover other communities with exposure to flood risks and storm surges.

The unit is now involved in developing basic information for Civil Defense related to hurricanes and earthquakes in densely populated urban areas, under a special preparedness program of FEMA. With assistance from FEMA's State Assistance Program, the Department is mounting a program of public awareness

Background Paper - 8

D. (continued) related to hurricane and riverine flooding. Newspapers, radio and television announcements are being prepared for distribution. A special grant has been requested from FEMA to upgrade the 1972 NOAA report on storm tides on the coast of Puerto Rico, to reflect the experience with Hurricane David and to assist FEMA to implement its new directives affecting insurance for coastal development. The Department of cooperating with the Center for Energy and Environment Research of the University of Puerto Rico and the Lamont-Doherty Geological Observatory of Columbia University in an effort to re-establish and maintain a network of seismic reporting stations in Puerto Rico. The output of the seismic reporting system is essential for the preparedness planning effort for earthquakes in urban areas. Finally, the hazards unit will review the Planning Board's Planning Regulation Number 13, which regulates development in floodable areas, to assure conformity with the new FEMA coastal and other guidelines.

DEPARTMENT
OF NATURAL
RESOURCES

Attachment 2

THE CASE FOR PUERTO RICO'S PARTICIPATION IN PREPAREDNESS PLANNING FOR EARTHQUAKES AND HURRICANES

December, 1981

Commonwealth of Puerto Rico, Department of Natural Resources
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THE CASE FOR PUERTO RICO'S PARTICIPATION IN PREPAREDNESS PLANNING FOR EARTHQUAKES AND HURRICANES

INTRODUCTION

The basic purpose of this document is to demonstrate that Puerto Rico has a high population density, together with an exposure to hurricanes and earthquakes, that justify its being included in the proposed program of Preparedness Planning for densely developed area, as described in the Federal Register of 1 June 1981 and 28 September 1981.

POPULATION AND DENSITY

The 1980 Census of Population revealed that fifty-six per cent of Puerto Rico's population was living in six standard metropolitan statistical areas (SMSAs), as follows:

SMSA	Number of Municipalities	Population
Arecibo	3	140,519
Caguas	3	173,928
Mayaguez	3	132,814
Ponce	4	270,658
San Juan	9	1,083,653
TotalSMSAs	22	1,801,574
Total Puerto Rico	78	3,196,520

The total land area of the Island is 3,435 square miles. This produces a gross population density of about 930 persons per square mile, which is comparable only to such small states as New Jersey and Connecticut. In the urban areas, of course, the density is apt to run as high as 25,000 persons per square mile. These densities are among the highest in the nation, if not the entire world.

EXPOSURE TO EARTHQUAKES

The Caribbean is a seismically active area, involving three major tectonic plates: the Caribbean, North American, and South American (See location map). A belt of earthquake activity extends up through the Lesser Antilles to the Puerto Rico Trench and then westward through the Island of Hispaniola into the Cayman Trench, as indicated on the second map.

There are four seismically active zones around the Island: Mona Canyon to the west; Puerto Rico Trench to the north; Anegada Trough to the southeast; and Muertos Trough to the south. There have been numerous high and low shallow events near the Island. Recorded earthquakes in the Mona Canyon and the Puerto Rico Trench include:

Year	Location of Epicenter	Sismic Scale
1915	Puerto Rico Trench	7.00
1917	Mona Canyon	7.00
1918	Mona Canyon	7.50
1943	Mona Canyon near junction with Puerto Rico Trench	7.75

Three earthquakes during recorded history have resulted in major damage in Puerto Rico:

2 May 1787	Intensity 7 to 8; damages in east, west, north
18 Nov 1867	Intensity 7 to 8 in eastern Puerto Rico, 9 in the Virgin Islands; tsunami 3 to 5 feet on the east coast of Puerto Rico
11 Oct 1918	Intensity 7.5; tsunami 3 to 5 feet; extensive damage to northwestern part of the Island.

Very small earthquakes occur frequently, with intensities of less than 4.0, that can be senses but that produce very little damage. On 8 December 1975 Arecibo experienced an earthquake with an intensity of 7.0, which resulted in only minor damage.

Most of the seismic activity is the result of the movement of tectonic plates. The events that have occurred on the Island have a random pattern and do not appear to be associated with the major fault patterns.

TABLE 1

Most Destructive Earthquakes Felt on Puerto Rico

Date	Estimated Maximum Intensity (MM)	Description
1524-28	VI	(Date unknown.) A violent earthquake in western Puerto Rico which destroyed the home of Ponce de Leon and other buildings in Anasco. The shock was felt in Mayaguez and to the north.
1615 Sept. 08	VI	A strong earthquake in the Dominican Republic which caused damage and suffering in Puerto Rico.
1717	VII	(Date unknown.) Violent earthquake. Destroyed churches at Arecibo and San German.
1740 Aug. 30	VII	An earthquake destroyed the Guadalupe Church in Ponce.
1787 May 02	VIII	A violent earthquake over the entire island. Damage and destruction reported from all areas except the south.
1844 Apr. 16	VII	A severe earthquake. Various public buildings and homes were destroyed. Several churches were badly damaged.
1846 Nov. 28	VI	A strong earthquake. Felt throughout the island. Much damage on north coast.
1867 Nov. 18	VII-VIII	A disasterous earthquake and tsunami. Great damage, especially in the eastern part of the island.
1875 Dec. 08	VII-VIII	A strong earthquake. Damage at Arecibo and Ponce.
1906 Sept. 27	VI-VII	A strong double earthquake. Considerable damage reported from north coast.
1918 Oct. 11	IX	A disasterous earthquake and tsunami. Great damage on west coast. M=7.5
1946 Aug. 04	VI	A strong earthquake (Dominican Republic). Some damage on west coast of Puerto Rico. M=8.1
1946 Aug. 08	VI	Strong aftershock on August 8 with tsunami reported from Mayaguez and Aguadilla. M=7.6

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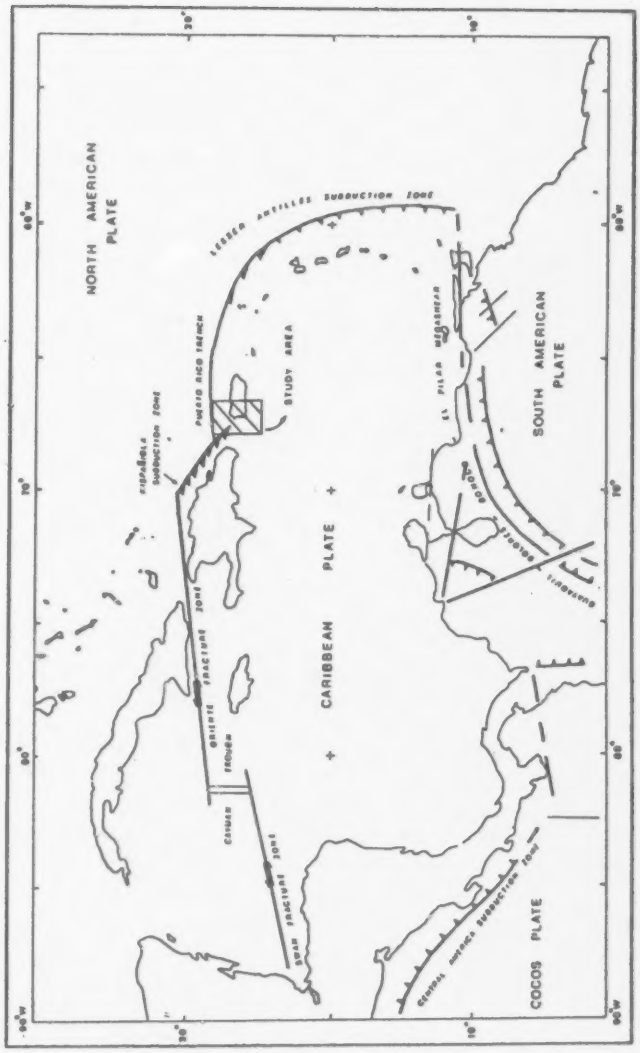


Figure 1: Location map showing area of study (cross-hatching) and major tectonic features. Regional tectonics modified after Schell and Tarr, (1970).

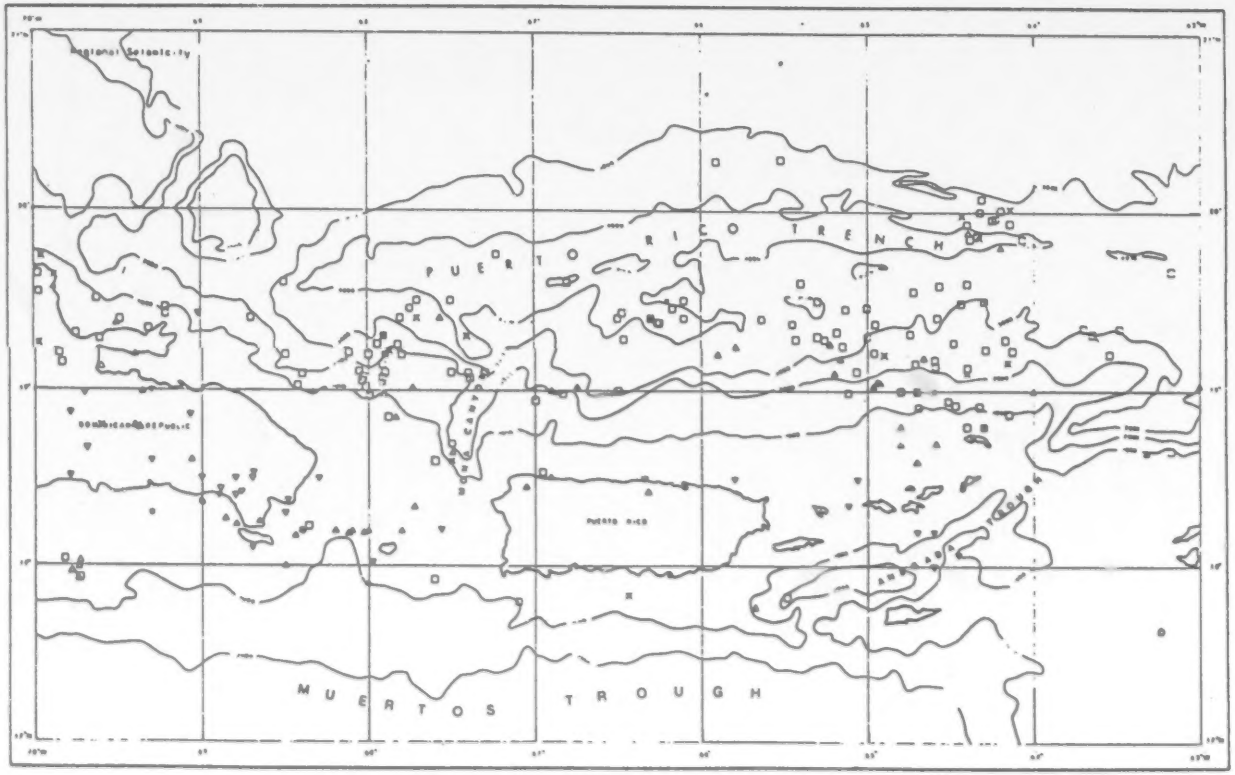


Figure 5: Puerto Rico Region Tectonic Zones and associated seismicity instrumentally recorded from 1964 to 1977. Symbols: ✕ denotes epicenter at depth < 25 km, □ depth > 25 and ≤ 50 km, Δ depth > 50 and ≤ 100 km, ▽ depth > 100 km. Contour interval, 1,000 fathoms.

EXPOSURE TO HURRICANES

The Atlantic Ocean between Africa and South America is the spawning area for tropical cyclones during the period between June and December. The peak period for such events historically has been the months of August and September. The most severe form of tropical cyclone is the hurricane, which produces winds of 75 miles per hour or more and can affect an area hundreds of miles in diameter. Such storms need not pass directly over Puerto Rico to produce heavy rains, which cause disastrous flooding and erosion. The greatest observed point rainfall in Puerto Rico during the period 1899 through 1976 are as follow:

Inches	Duration	Place	Event and Date
6.20	2 hous	Pico del Este	Tropical Storm Eloise 16 September 1975
18.22	12 hours	Naguabo	Tropical Storm San Zacarías 7 September 1910
23.00	24 hours	Adjuntas	Hurricane San Ciriaco 8 August 1899
29.60	48 hours	Adjuntas	Hurricane San Felipe 13-14 September 1928
35.99	5 days	Jayuya	Tropical Depression 6-10 October 1970
42.58	10 days	Jayuya	Tropical Depression 1-10 October 1970

Between 1871 and 1979, Puerto Rico has experienced twelve landfalling hurricanes. The three most serious events were:

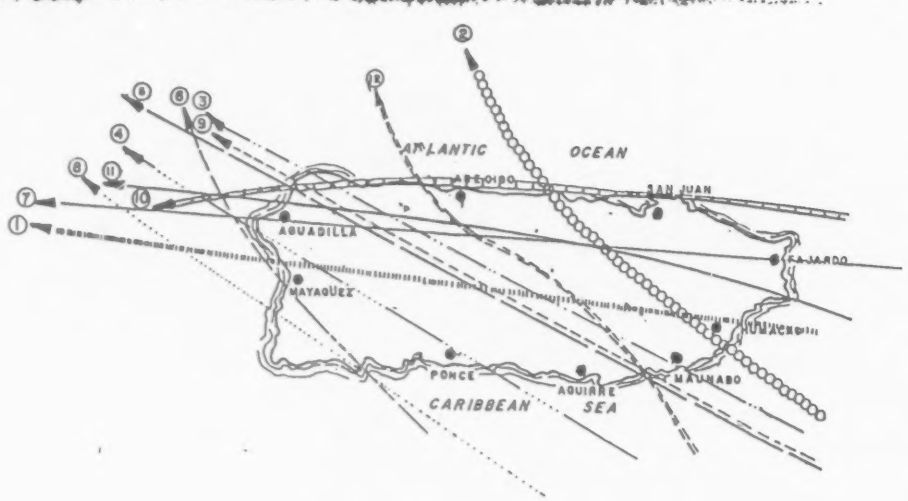
Storm	Date	Comparative losses
San Ciriaco	8 Aug 1899	3,000 deaths, coffee harvest lost Ocean surge in Humacao, riverine flooding at Arecibo and Ponce
San Felipe II	13 Sep 1928	(Most violent: 200 mph winds) 300 deaths, $85 million in losses, 83,000 families homeless
San Ciprian	26 Sep 1932	300 people killed, 70,000 families homeless, 40,000 buildings destroyed, $50 million in damages

Exposure to Hurricanes - 2

San Ciprian occurred almost exactly one year after another hurricane (San Nicolas) which had dealt a severe blow to the insular economy by destroying the major crops just when they were ready to be harvested. The effect of San Ciprian was to wipe out many farmers who had gone into debt to restore their farms and plant new crops after San Nicolas. The Island was plunged into misery at the depth of the Depression, and it took many years of struggle to overcome the strong sense of despair created by the situation.

Since the beginning of "Operation Bootstrap" after the end of World War II, Puerto Rico's urban areas have not experienced a major landfalling hurricane. During the intervening years, the urban areas have expanded manyfold, extensive infrastructure has been installed, and the population has become dependent upon imported foodstuff and other staples. Considerable development has occurred in coastal areas susceptible to flooding. Many poor families still live in wooden shacks with corrugated zinc roofs, which are susceptible to hurricane winds. Communications and power systems are still largely above ground and exposed to the weather. New high rise residential and commercial buildings with large glass areas may be especially vulnerable to hurricane winds and to flying debris.

There is now greater awareness of storm surges that accompany the eye of a landfalling hurricane. The Department of Natural Resources, in cooperation with the Office of Civil Defense, has taken steps to alert people living in coastal areas to start planning for evacuation procedures. A major effort must be undertaken to identify all areas with similar risks and to start preparedness planning for such events in all parts of the Island.



①	SAN FELIPE	SEPTEMBER 13, 1876	⑦	SAN HIPOLITO	AUGUST 22, 1918
②	SAN MAGIN	AUGUST 19, 1891	⑧	SAN NICOMEDES II	SEPTEMBER 15, 1926
③	SAN ROQUE	AUGUST 16, 1893	⑨	SAN FELIPE II	SEPTEMBER 13, 1928
④	SAN GIL	AUGUST 31, 1896	⑩	SAN NICOLAS	SEPTEMBER 10, 1931
⑤	SAN CIRIACO	AUGUST 8, 1899	⑪	SAN CIPRIAN	SEPTEMBER 26, 1932
⑥	SAN CIRILO	SEPTEMBER 11, 1901	⑫	SANTA CLARA (BETSY)	AUGUST 12, 1956

Figure 3 : Landfalling Hurricane For The Period 1871—1979.

SOURCE: NOAA, Office of Hydrology. "Storm Tide Frequecy Analysis for the Coast of Puerto Rico". Francis P. HO, May 1975.

SUMMARY OF DISASTER ASSISTANCE *
(Hurricane David / Tropical Storm Frederick)

PROGRAM	APPLICATIONS Estimated	APPLICATIONS Received	APPLICATIONS Approved	LEVEL OF FUNDING Estimated	LEVEL OF FUNDING Approved	LEVEL OF FUNDING Disbursed
Emergency Conservation Measures	900	6,201	868	600,000	536,845	218,949
Disaster Unemployment Insurance	6,505	11,400	6,505	1,576,000	489,066	667,986
Emergency Food Stamps	714	2,358	714	127,111	132,788	132,788
Small Business Administration Business Loans	2,200	3,208	1,932	5,000,000	7,268,900	4,551,900
Small Business Administration Home Loans	14,000	25,990	13,186	20,000,000	24,781,000	19,206,500
Flood Insurance Claims	1,500	1,843	1,367	15,000,000	4,727,690	4,727,690
Individual and Family Grants	61,593	67,760	61,593	87,000,000	65,323,938	65,323,938
Farmers Home Administration	650	1,947	581	8,000,000	7,050,000	4,609,320
Temporary Housing	(See details below)			5,500,000		
Public Assistance	(See details below)			48,073,000		

DETAILS OF TEMPORARY HOUSING PROGRAM

Estimated program cost		$ 5,500,000
Estimated units required		23,000
Applications received		38,114
Total eligible	21,635	
Total ineligible	14,446	
Withdrawn	2,504	
Eligibles assisted		21,164

DETAILS OF PUBLIC ASSISTANCE PROGRAM

Estimated total cost	44,732,458
Debris clearance	561,127
Protective measures	2,004,249
Road systems	18,845,487
Water control facilities	2,703,265
Public buildings	1,757,409
Public utilities	14,633,615
Facilities under construction	674,591
Private non-profit	398,109
Other	3,154,602

Data as of 15 June 1980

COUNTY OF SAN DIEGO

SUITE 501 • 440 FIRST STREET, N.W.
WASHINGTON, D.C. 20001 • PHONE (202) 737-7523

WASHINGTON OFFICE
ROGER F. HONBERGER

October 5, 1983

Mr. Steve Swain
Professional Staff Member
Subcommittee on Regional and
Community Development
Committee on Environment and
Public Works
United States Senate
SH-410
Washington, D.C. 20510

Dear Mr. Swain:

Enclosed is a copy of the San Diego County Board of Supervisors' September 28, 1983 resolution on S. 1525, amendments to the Disaster Relief Act of 1974. I request that it be included in the record of the September 29, 1983 Subcommittee hearing. We appreciate the opportunity to submit our views. If you have any questions, please let me know.

Sincerely yours,

Roger F. Honberger
Washington Representative

RFH:efs

Enclosure

No. 4

SEPTEMBER 28, 1983
BOARD OF SUPERVISORS
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA
A RESOLUTION OPPOSING
DISASTER RELIEF ACT AMENDMENTS OF 1983

On motion of Supervisor Eckert, seconded by Supervisor Williams, the following is adopted:

WHEREAS, legislation has been introduced in the United States Senate and House of Representatives amending the Disaster Relief Act; and

WHEREAS, such legislation would, among other things, mandate by law that the federal government would be limited to only 75% of eligible disaster damage relief costs; and

WHEREAS, such legislation would also, among other things, authorize the President of the United States to require State and local governments to conduct financial audits relating to federal disaster assistance without a commitment of reimbursement; and

WHEREAS, such legislation would have crippling financial consequences for State and local governments following a natural disaster especially in their attempts to provide needed assistance and maintain vital services to effected communities; and

WHEREAS, such legislation would result in a breach of a historical commitment of the federal government which heretofore has been largely responsible for providing meaningful disaster recovery assistance.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of San Diego, State of California, opposes passage of amendments to the Disaster Relief Act and urges each member of the House of Representatives and Senate to oppose passage in its present form.

PASSED AND ADOPTED by the Board of Supervisors of the County of San Diego, State of California, this 28th day of September 1983, by the following votes:

AYES: Hamilton, Boarman, Williams, Eckert
NOES: None
ABSENT: Fordem

STATE OF CALIFORNIA) ss.
County of San Diego)

I, PORTER D. CREMANS, Clerk of the Board of Supervisors of the County of San Diego, State of California, hereby certify that I have compared the foregoing copy with the original resolution passed and adopted by said Board, at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is now on file in my office; that the same contains a full, true and correct transcript therefrom and of the whole thereof.

Witness my hand and the seal of said Board of Supervisors, this 28th day of September

(SEAL)

PORTER D. CREMANS
Clerk of the Board of Supervisors

By Dona E. Trumble Dona E. Trumble
Deputy

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA

Church World Service

475 RIVERSIDE DRIVE, NEW YORK, N.Y. 10115

Paul F. McCleary, Executive Director (212) 870-2257

Domestic Disaster Response
John W. Schauer
Coordinator
(212) 870-3151

August 29, 1983

Senator Gordon J. Humphrey, Chairman
Senate Sub-Committee on Regional and
Community Development
Senate Committee on Environment and
Public Works
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Church World Service appreciates the concern of the U.S. Senate Sub-Committee on Regional and Community Development in assistance to the public and private sector which has experienced both natural and man-made disasters by holding public hearings on S 1525, a bill to amend the Disaster Relief Act.

The CWS Domestic Disaster Response program on behalf of its member denominations and related agencies, shall initiate a response within its capabilities to natural disasters or severe community damage caused by human events in the U.S.A. and shall inform appropriate national and regional conciliar units of its action and response. Church World Service is the emergency, disaster relief, development and refugee program of the National Council of Churches representing thirty-two Protestant and Orthodox Communions with programs in seventy countries.

We would recommend that the Sub-Committee give

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A Program of the Division of Overseas Ministries

attention to the following sections of S. 1525, Disaster Relief Act Amendments of 1983:

Title III - Disaster Assistance Administration

Section 314 (a) - That private, non-profit facilities such as the social service and religious institutions which are rendering services to the poor be excluded from the need to have reasonable and adequate flood insurance to be eligible to receive benefits from this program as related to loss. Already, budgets are stretched to meet needs and such costs would limit program activity further. Such institutions are most frequently habituated by those in greatest need.

Title IV - Federal Disaster Assistance Programs

Section 402 (b) - That social service agencies and religious institutions which have been providing services to the poor, jobless and homeless be included in the definition of "eligible private non-profit facility" to receive "contributions to help repair, restore, reconstruct, or replace . . ."

Title IV - Federal Disaster Assistance Programs

Section 403 (a) 2 - That the names of other major relief and disaster assistance organizations be added to those cited (American National Red Cross, the Mennonite Disaster Service) or that any direct reference to specific agencies be deleted and Private Voluntary Organizations be inserted. As there are additional agencies that have Memoranda of Understanding with the Federal Emergency Management Agency such designation of some of the agencies appears inappropriate.

Section 407 (a) - That unemployment compensation be extended beyond the 26 weeks whenever employees are unable to return to work because the physical damages to the plant could not be repaired so as to be operational within that period of time.

Section 408 (d) - That the increase of financial assistance for administration costs to states which demonstrate promptly completing individual and family grants within a prescribed time period is most appropriate. Untold hardships have extenuated tragic losses of victims caused by indeterminate delays.

Title V - Federal Emergency Assistance Programs

Section 503 (a) 2 - That the names of other major relief and disaster assistance organizations be added to those cited (American National Red Cross, the Mennonite Disaster Service) or that any direct reference to specific agencies be deleted and "Private Voluntary Organizations" be inserted. As there are additional agencies that have Memoranda of Understanding with the Federal Emergency Management Agency such designation of some of the agencies seems inappropriate.

We note that the proposal legislation, S. 1525 does not address the question of "individual and family grants". We would strongly recommend that the $5,000 maximum allowable be reviewed.

Title IV - Federal Disaster Assistance Programs

Section 407 (b) - It would appear appropriate to increase the individual and family grant from $5,000 up to at least $7,500 to provide for unmet needs. The fact that FEMA reports average grants of $2,000 does not address the real question of needs, nor does it take into account the effects of spiraling inflation since 1974.

Although SBA loans to disaster victims is not a part of this legislation, may we draw attention to still another difficulty facing disaster victims. As the present time SBA loans are being processed on a sliding scale dependent on the current interest rates which in turn places further hardship upon the victim. Would it not be prudent to return to the earlier fixed rate of 3 percent, so that individuals, businesses and the community visited by a disaster could hasten their recovery? Disaster victims are already hard pressed with current financial committments, and often, this additional burden is more than they could

or should be required to assume if "assistance" is to be the thrust of the Federal Government program.

We welcome the consideration of S. 1525, and would commend any legislative changes which would reduce the administrative complexities and expedite delivery of services and increase assistance to the disaster victims.

Thank you for your consideration of our concerns. It would be appreciated if this correspondence could be included in the record of the hearings.

Sincerely,

John W. Schauer

John W. Schauer
CWS Domestic Disaster Director

cc: Paul Morton
Paul McCleary
Larry Minear
James Hamilton
NOVAD

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THOMAS S BURACK
LEGISLATIVE ASSISTANT
OFFICE OF SENATOR HUMPHREY
531 HART BUILDING
WASHINGTON DC 20510

WITH RESPECT TO S. 1525 WE REQUEST THAT NO RELIEF ORGANIZATIONS BE MENTIONED BY NAME OR THAT THE LIST BE EXTENDED TO INCLUDE OURS AND OTHERS WORTHY OF RECOGNITION.

G M ROSS, PH.D.
CONGRESSIONAL LIAISON
GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS
6840 EASTERN AVE., N.W.
WASHINGTON, D.C. 20012
202/722-6688
TELEX 89580 GEN CONF WSH

10:11 EST

MGMCOMP